ANNUAL REPORT 2012

INDITEX

INDICATORS

Evolution of main indicators

Turnover

(in millions of euros)	2012	2011
Sales	15,946	13,793

Results and cash flow

(in millions of euros)	2012	2011
Operating profit (EBITDA)	3,913	3,258
Operating profit (EBIT)	3,117	2,522
Net profit	2,367	1,946
Net profit attributable to the parent company	2,361	1,932
Cash flow	3,256	2,613

Financial and management ratios

	2012	2011
ROE	30%	28%
ROCE	39%	37%

Tax Contribution 2012

(in millions of euros)	
TOTAL	4,099
Borne Tax Contribution	1,930
Collected Tax Contribution	2,169

More information about the Tax Contribution can be found in the Sustainability Balance Sheet (pages 298-299)

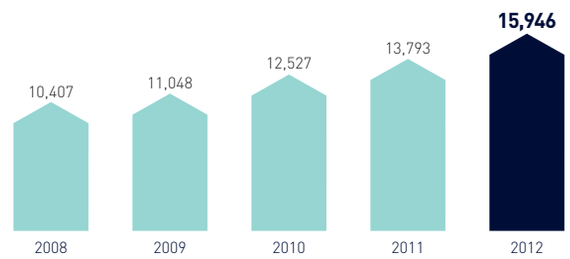
Other relevant information

	2012	2011
Number of stores	6,009	5,527
Net openings	482	483
Number of markets with commercial presence	86	82
Number of markets with an online store	22	20
Number of employees	120,314	109,512
Percentage of women	78.7%	79.5%
men	21.3%	20.5%
Overall energy consumption (in Terajoules)	4,006	3,381
Number of suppliers*	1,434	1,490
Social investment (in millions of euros)	21	14

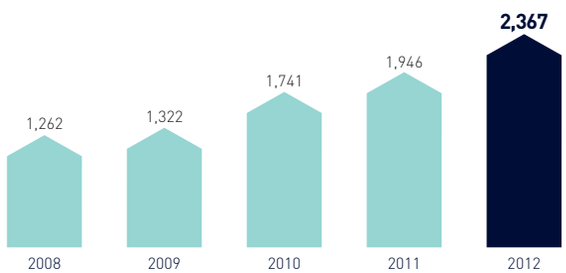
* Inditex has changed the scope of these indicators with respect to last year. The data presented for 2012 relates to the classification of suppliers who made purchases in the year and not to those active at the end of the year as was done in the 2011 Annual Report. To make it easier to compare the information, we have thus chosen to reformulate the data from last year, including the data discarded during 2011. Suppliers of fashion items, mainly clothes, shoes and accessories

Relevant data

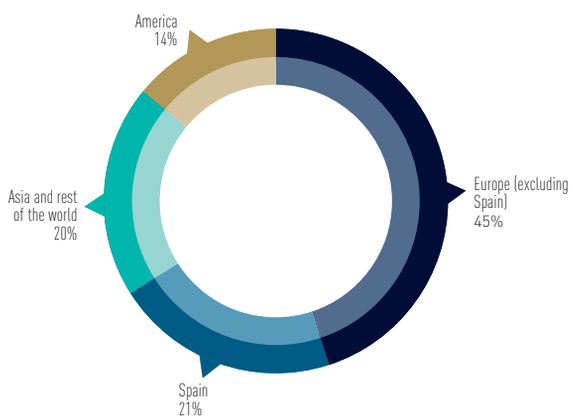
Sales



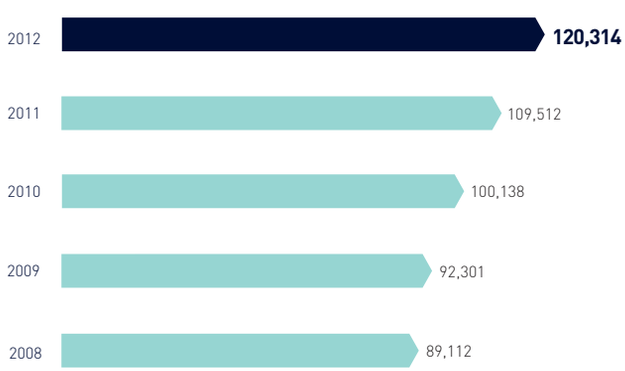
Net result



Sales by geographical area



Number of employees



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INTRODUCTION

Scope of the report

The Annual Report reflects the Inditex Group economic, social and environmental performance in the year 2012, which extends from 1 February 2012 to 31 January 2013.

Principles guiding the drawing up of the Annual Report

As a socially responsible company, Inditex maintains a relationship of dialogue and constant interaction with its stakeholders, ensuring that their various approaches are taken into account and guaranteeing the sustainability of its business model.

This dialogue enables Inditex to design its strategy and activities to subsequently communicate them through the Annual Report.

To do this, Inditex performs an analysis that enables it to identify the relevant actions carried out during 2012 which it must report on the basis of the following principles:

- **Strategic sustainability context**: Inditex contributes, or seeks to contribute in future, to the improvement of trends, advances and economic, environmental and social conditions at local, regional or global level, all of which are interconnected.
- **Materiality**: Inditex covers those indicators and aspects which reflect the organisation's most significant social, environmental and economic impacts as well as those which could have a substantial influence on the evaluations and decisions of its stakeholders.
- **Stakeholder inclusiveness**: Inditex identifies its stakeholders and maintains an ongoing dialogue with them in order to be able to subsequently describe how the Group responds to their reasonable expectations and interests.

– **Completeness:** Coverage of Inditex's indicators and definition of the information covered must be sufficient to reflect significant social, economic and environmental impacts and to enable stakeholders to evaluate the group's performance for the year.

In addition, when preparing the Annual Report Inditex has taken into account the principles of balance, comparability, accuracy, timeliness, clarity and reliability established by the Global Reporting Initiative (GRI) to ensure the quality of the information that appears in it.

On the other hand, Inditex, as a member of the International Integrated Reporting Council's (IIRC) Pilot Programme and of the taskforce created for that purpose by the Spanish Accounting and Management Association (Asociación Española de Contabilidad y Administración, AECA), has also tried to bring its preparation of the Annual Report into line with its recommendations.

For the first time, the information presented in this Report is supplemented by Inditex's website, which has been redesigned to allow better access by stakeholders to the contents that concern them.

External verification

Inditex's Annual Report has been verified by SGS ICS Ibérica SA, in accordance with ISO 19011 and following the principles laid down in the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (G3) and with the principles laid down in the AA1000 Accountability Principles Standard (2008) (AA1000APS). The result of the verification confirms that the A+ rated level of implementation of the GRI guidelines is appropriate.

In addition, a selection of 15 relevant indicators have been reviewed by KPMG advisors in accordance with Standard ISAE 3000. These indicators have been selected based on the company's annual analysis of materiality.

OUR BUSINESS

ZARA

LETTER FROM THE CHAIRMAN

Dear Friends,

Inditex's year 2012, of which this Annual Report aims to give a detailed and faithful picture in every way, has been a year characterised by the great effort made by our teams throughout the world, by the achievements resulting from this work and by the challenges for the future that we have set for ourselves. We are looking once again, as we must state each year when taking stock, at another good example of the ambition for a job well done that characterises Inditex's teams. Those of us who are lucky enough to be part of this constantly growing team - there are already over 120,000 of us - can be very proud of this. Personally, I must thank each and every person who is part of Inditex for their invaluable contribution to the company's results and, above all, for the fact that, thanks to their daily effort and responsibility, we can continue to set new challenges for the future.

This past year has been characterised by strong growth in our business, which has been reflected in an increase of 16% in the Group's turnover, up to €15,946 million. A significant part of this huge increase has been the increase in like-for-like sales, which stood at 6% and that shows our continued ability to adapt our sales formats to the demand of our customers. This has been accompanied by a growth in sales resulting from the new retail area, with 482 net openings. Special attention must be paid to the fact that, throughout 2012, we have been able to open new stores in 64 different markets, which shows the potential for global development of Inditex's retail formats.

This potential is also reflected in online sales; in addition to the online presence in a number of European countries and in markets of such importance as the U.S. and Japan, the China online store was added in 2012,

bringing the total to 22 markets. Already in 2013, online sales began in Canada, with the plan of launching in Russia in autumn of this year.

This growth was supported by a very intense investment volume, with ordinary investments of over €1,000 million, aimed primarily at the opening of new stores and the refurbishment of existing stores. The aspect of refurbishments has been - and will continue to be in the near future - particularly meaningful, both because of what it means in terms of renewing the image of our establishments, and because of the progress of our commitment to the eco-efficiency of our stores. In this latter sense, it is worth noting that, at present, a significant percentage of the Group's sales points responds to the eco-efficiency criteria set by the Strategic Environmental Plan, and that we are moving decisively toward the goal of ensuring that, by 2020, the whole of the network will meet these requirements.

As we have been doing since the beginning of this journey of increasing the environmental sustainability of our business, some of the most significant projects continue to receive the strictest environmental certifications. An example of this is the new Zara Home store in Munich or, already in 2013, the Paris Champs Elysées Zara store, both of which have been given the US Green Building Council's LEED certification.

One aspect that I would like to highlight in relation to the investment policy is our continued commitment to improving the activities of our central services and distribution centres, all of which are located in Spain. During 2012 the activities of the new Massimo Dutti complex in Tordera began, with new buildings both for its headquarters - which houses its management, sales and design teams - and for a new logistics centre that can be considered to be at the forefront of technology applied to this area.

2012 also saw the beginning of the expansion works at Inditex's headquarters in Arteixo, which will be completed this year and will equip Zara and Zara Home with a new space - of approximately 70,000 square metres - suitable for meeting the needs resulting from its international growth. On the other hand, it is envisaged that the works in the town of Cabanillas (Guadalajara, Spain), that will result in the launch of Inditex's ninth logistics platform, will begin in 2013.

All these investments, and the growth of the activity to which they relate, are immediately reflected in an increase in the number of people employed by the Inditex Group, both in Spain and in the rest of the world. During 2012, this increase materialised in the creation of almost 11,000 net new jobs, reaching a total number of 120,314 professionals. Employment grew in Spain and in virtually all markets. As an example of the degree of international expansion, it is worth highlighting that, in addition to in our original market, there are now over one thousand employees in eighteen other markets.

The steady increase in the size of our workforce also places us under an obligation to make a greater effort to maintain the distinctive aspects of our people management policy, which are key to attracting and retaining the talent on which the strengths of our business model are supported. Training, which in 2012 was given to over a third of employees; internal promotion, which involved one of every five employees; and the steady progress in guaranteeing equality and the achievement of a work-family balance are the pillars which support this policy, whose most eloquent result is the degree of motivation and commitment of our teams.

I do not wish to end this brief review of the salient features of financial year 2012 - which we could summarise as the strength of our growth, investment and employment - without also mentioning the great effort made in the area of social responsibility, and particularly in the constant task of improving working conditions in the textile industry. Inditex's level of rigour with regard to achieving this goal - of which its commitment to the United Nations Global Compact, its membership of international platforms such as the Ethical Trading Initiative or the Sustainable Apparel Coalition, or its collaboration with the international federation of trade unions IndustriALL are all examples - is a challenge that is renewed every day. Our goals in this area are constantly being analysed and revised. It is always possible to strive for progress and we are committed to redoubling our efforts and attention.

We will therefore continue to dedicate each day's work to consolidate the growth of our business, and to do so on a sound and sustainable basis, both from an economic point of view and from a social and environmental one, with the commitment called for by our customers, employees and shareholders.

Pablo Isla
Chairman

REVIEW OF THE YEAR 2012

For the Inditex Group, the year 2012 has been marked by strong growth as well as by strong investment and job creation. Sales increased by 16% over the previous year, reaching €15,946 million, while net profit rose 22% in relation to 2011 and increased to €2,360 million. The strict control of operating expenses has allowed the EBITDA to increase by 20%, to €3,913 million.

During 2012 the total number of staff in the Inditex Group reached the figure of 120,314 employees, with 10,802 jobs created in the year. The growth in employment affected all the geographical areas in which the group operates, especially in the number of permanent employees: 82% of the staff work under an indefinite contract. The global vocation of the company is reflected in the fact that its employees are of over 130 nationalities and 45 working languages. It is a young workforce (31 years old on average), in which women represent 78.7% of the total.

The ordinary investment made in 2012 exceeds €1,000 million, up to 1,094, in a year marked by an increase in its sales area and the refurbishment and improvement of stores worldwide, as well as by the new projects in the area of logistics and the modernisation of the eight distribution platforms currently in operation, all of which are located in Spain. The group has thus embarked on works to expand its headquarters in Arteixo (La Coruña), which will result in an increase of 70,000 square metres in the capacity of the Zara and Zara Home's sales areas. At the same time, it has launched a state-of-the-art logistics platform for Massimo Dutti in Tordera (Barcelona), it has embarked on the works for an automated silo for hanging garments in the Zaragoza logistics centre, and it has acquired a plot of 300,000 square metres in Guadalajara to build a new international logistics centre. In total, €450 million of investment was made in Spain.

To the ordinary investment figure we can add the amount of extraordinary investment, which amounted to €245 million, used primarily for purchasing the property which houses the Zara store on 333 Oxford Street / 89 Bond Street, in London.

Store no. 6,000

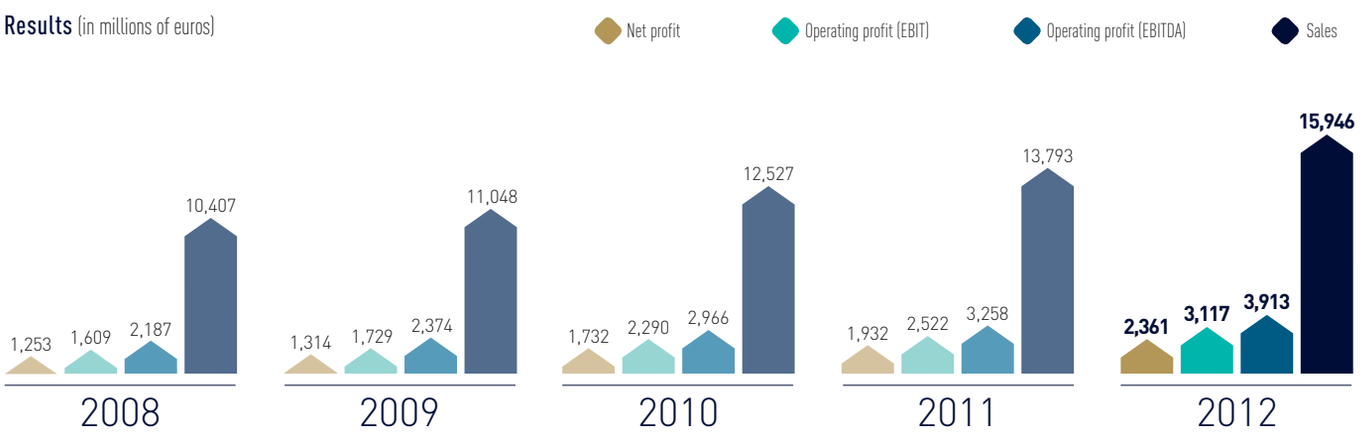
At the close of 2012, Inditex had 6,009 stores in its eight sales formats in 86 markets in five continents. In that period, 482 stores were opened in 64 different markets, five of them new: Armenia, Bosnia-Herzegovina, Ecuador, Georgia and the Former Yugoslav Republic of Macedonia.

In 2012 the new Zara global store concept was presented. This was the first part of the Group to open its chain on 666 Fifth Avenue, New York, which thus became its world flagship store. The new image is based on four principles: beauty, clarity, functionality and sustainability. Simplicity is the chief characteristic throughout the space, in the search for direct contact between the customer and fashion. In addition, the store increases the Group's environmental commitments set out in the 2011-2015 Sustainable Inditex Plan and incorporates all the elements of sustainability of the Inditex eco-efficient stores.

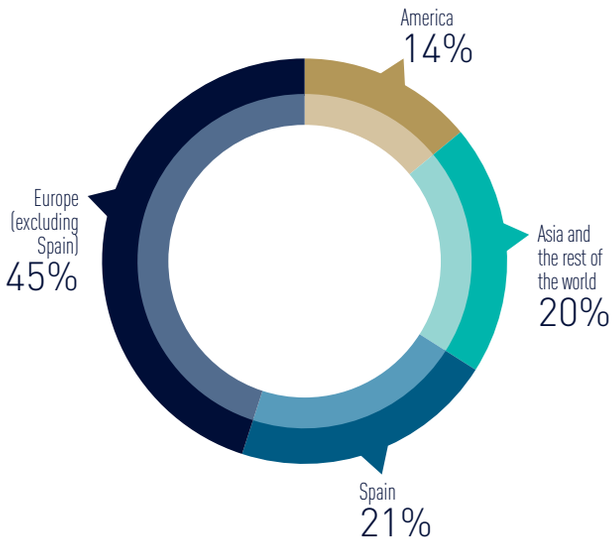
The renewed architectural concept applies to all new Zara store openings, including another one of the brand's flagship stores: the one which opened at the end of the year on 460-490 Oxford Street in London, and which, in addition, is the Inditex Group's store number 6,000. A few days later another outstanding Zara store would open on no. 92, Champs Elysées, Paris. Other emblematic openings for the brand this year were the new stores in Neuhauserstrasse in Munich (Germany) or the Cape Town (South Africa) store, among others.

Massimo Dutti, on its part, began its activity in the United States, with stores in New York and Washington, as well as in Canada, with a store in Toronto. It also opened its first Taiwan store. Pull&Bear arrived in Austria, the

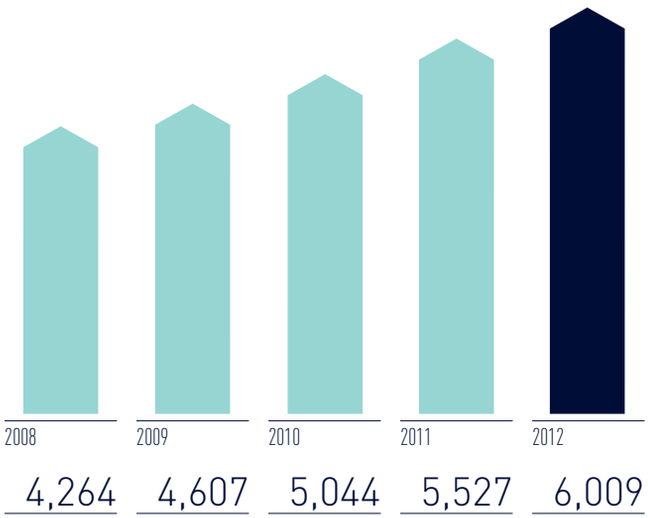
Results (in millions of euros)



In-store sales



Evolution of the total number of stores



Dominican Republic and Thailand, among others, while Zara Home opened its first stores in Brazil and Colombia, and Stradivarius did the same in, among other places, Mexico, thus increasing to 52 the number of markets in which it operates. Uterqüe chose China as its new destination for its stores, with two openings in Hong Kong and Beijing respectively. Oysho, for its part, opened its first store in Macau.

Inditex continued to strengthen its multichannel strategy in 2012. It thus opened the online Zara store in China, the online Massimo Dutti and Zara Home stores in the United States, and the online Zara Home store in Finland. With these additions, as at the end of the year the Group was operating through e-commerce in 22 countries. In addition, in March 2013 the online Zara store in Canada was launched, and Zara is expected to start operating in the Russian Federation through e-commerce during the autumn-winter season of the same year.

Committed to sustainability

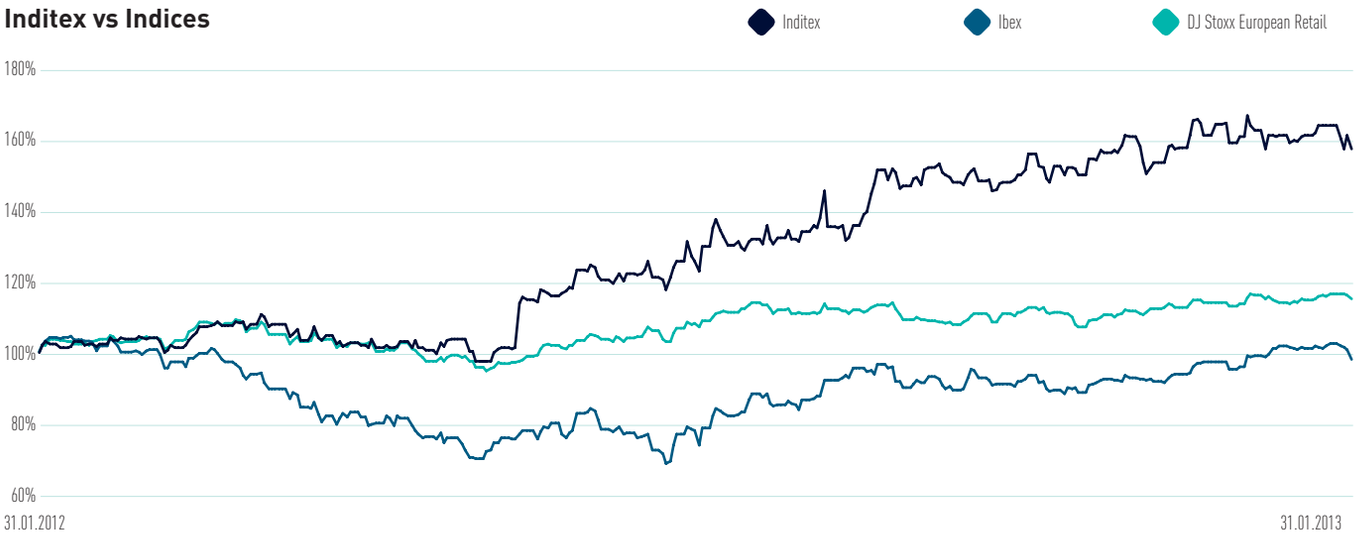
Inditex's commitment to sustainable development and the protection of the environment and natural resources has always been present among the fundamental values of the company. In the framework of the 2011-2015 Inditex Sustainable Strategic Plan, the company has continued to make progress to integrate sustainability in the Group's supply chain. The first milestone of the year was the publication of the Global Water Management Strategy. This strategy is a living and dynamic document which sets out guidelines and actions to achieve a more sustainable and rational management of water. It also helps Inditex set priorities for the conservation of the environmental quality of river basins in the countries of production. In line with its long-term sustainability programme, Inditex has committed to achieve the goal of "zero discharge" of chemicals linked to manufacturing processes by 1 January 2020. To that end, Inditex is immersed in a number of collaboration projects with local authorities, other companies in the industry, suppliers, the chemical industry, NGOs and other interest groups. In its supply chain, the Group has embarked on a project to evaluate and advise a hundred suppliers on the use and management of water. In 2012 Inditex worked with over 20 suppliers in Bangladesh, China and India and made available to the public an online platform with all the information relating to the project.

Reinforced monitoring of the supply chain

During 2012, Inditex continued to make progress in its supply chain monitoring activities. It thus carried out over 3,500 audits, 48% more than in 2011. In addition, this year it carried out the task of improving those factories that had been given in the past a "D" rating in the Inditex classification system ("A" to "D"). Of the nearly 500 factories that were subjected to this process, 70% showed improvements.

With regard to the health and safety of its products, Inditex made around 35,000 visits to factories and carried out over 1.4 million analyses. All this was done with the help of a team of external supervisors which increased by 79% with respect to 2011.

Shares during 2012



Updating the codes of conduct

In addition, during the year Inditex improved its main working tools with two of its most important stakeholders: suppliers and employees.

In the first case, the Group restated the Manufacturers' and Suppliers' Code of Conduct, a document that sets out the work carried out by Inditex with regard to monitoring and improving the supply chain. The Code, which has been in force since 2001, was updated in 2012, strengthening, among other things, Inditex's specific environmental standards that must be complied with by suppliers, as well as in relation to minimising products' environmental footprint or impact.

Inditex has also updated the code of conduct that must be complied with by its over 120,000 employees. This instrument, the Code of Conduct and Responsible Practices, lays down the criteria that must govern the actions of the Group's employees and establishes the values and principles that must govern relations between its employees and the company's stakeholders.

Rewards for shareholders

In 2013, the Inditex Group will continue with its shareholder reward policy based on a sound financial position. At the General Meeting of Shareholders scheduled for July, the Board of Directors of Inditex will propose a dividend of €2.20 per share, 22% more than the amount paid in 2012.

Share performance

Shares in Inditex saw growth of 54.7% during the financial year 2012, closing at 103.2 Euros per share on 31st January 2013, compared to the 14.6% increase in the Dow Jones Stoxx 600 Retail Index or the -1.7% decline in the Spanish Ibex 35 reference index over the same period. The average negotiated volume of shares was approximately 2.6 million per day.

Inditex´s market capitalisation stood at 64,328 million Euros at year end, 602% more than its initial market value on 23rd May 2001, as compared to the -13% decline of the IBEX 35 during the same period.

In May and November 2012, the dividend for fiscal 2011 was paid out, amounting to the sum of 1.80 Euros per share.

The Inditex Group's strong commitment to investment during 2012, both in the area of logistics and with regard to the expansion and renewal of its sales areas, ensures its future growth. A prominent place in next year's Annual Report will doubtless be occupied by the entry of Zara into two new online markets, Canada and the Russian Federation, as well as by the inauguration of most of the improvements to logistics facilities currently in progress.

MARCH

Zara started online sales in Poland, reaching the figure of 17 European countries in which it operates through this channel, in addition to the United States and Japan.

Bershka achieved the highest certification in sustainable and eco-efficient construction for its first store in Germany. The establishment is located in Tauentzienstraße, one of the main shopping areas of Berlin.

Zara presented its new concept of global store on 666 Fifth Avenue, New York. The establishment, located in the Tishman Building, introduces the brand's new commercial image.

APRIL

Uterqüe launches its online store in three new markets: Belgium, Holland and Austria. This brings up to nine the number of European countries in which the company trades online.

MAY

Inditex began its commercial activity in Ecuador with the opening of stores of four of its commercial brands: Zara, Pull&Bear, Bershka and Stradivarius. They all opened their first stores in the country in the Quicentro Shopping shopping centre in Quito.

JUNE

Inditex acquired the building that houses the Zara store on the corner of London's Oxford Street and New Bond Street, with an investment of £155 million. In this 7,000 square metre property is one of Zara's most important stores in the world.

The Chairman of **Inditex**, Pablo Isla, introduced the Inditex headquarters expansion works to Alberto Nuñez Feijoo, President of the Galician autonomous government. The new facilities, with 70,000 square metres, will make it possible to create 400 new jobs. The investment in the expansion amounts to €100 million.

MILESTONES FOR THE YEAR

JULY

The General Meeting of Shareholders approved the annual accounts for 2011 and the distribution of dividends for €1.80 per share.

Inditex signed a memorandum of agreement for the acquisition of approximately 300,000 square metres in the town of Cabanillas (Guadalajara) to increase its logistics capacity. The total investment, including the acquisition of the land and the construction of the platform, added up to €150 million.

SEPTEMBER

Zara started its Internet sales operation in China, a new step in the gradual extension of e-commerce to all the markets in which it operates.

OCTOBER

Massimo Dutti began its commercial activity in the United States with a new store concept in one of the most exclusive parts of New York's Fifth Avenue, where it meets 54th street, and with the launch of its online store for all the States in the country.

Stradivarius opened in the centre of Manresa (Barcelona) its first 'for&from' store, staffed by people with severe mental disabilities (SMD), in collaboration with the local cooperative Moltacte. This makes the sixth establishment of the Inditex Group's 'for&from' integration programme.

DECEMBER

Inditex opened its store no. 6,000 on 460-490 Oxford Street, London. The fourth Zara store in the British capital's main shopping street occupies a prominent space in the new Park House building and presents the new brand image, which was presented for the first time in New York in March.

America

	Stores	Markets
Zara	219	18
Pull&Bear	53	8
Massimo Dutti	44	8
Bershka	76	8
Stradivarius	19	6
Oysho	39	3
Zara Home	24	7
Uterqüe	8	1
Total	**482**	**18**

INTERNATIONAL PRESENCE

Entry into new markets by brand

ZARA

Former Yugoslav Republic of Macedonia, Armenia, Bosnia-Herzegovina, Ecuador and Georgia.

PULL&BEAR

Former Yugoslav Republic of Macedonia, Armenia, Austria, Azerbaijan, Bosnia-Herzegovina, Colombia, Ecuador, Georgia, Honduras, Dominican Republic and Thailand.

Massimo Dutti

Former Yugoslav Republic of Macedonia, Armenia, Canada, United States, Georgia, Hungary, Latvia, Puerto Rico, Dominican Republic and Taiwan.

Bershka

Former Yugoslav Republic of Macedonia, Armenia, Bosnia-Herzegovina, Ecuador, Georgia and Honduras.

stradivarius

Former Yugoslav Republic of Macedonia, Armenia, Azerbaijan, Bosnia-Herzegovina, Ecuador, Georgia and Mexico.

OYSHO

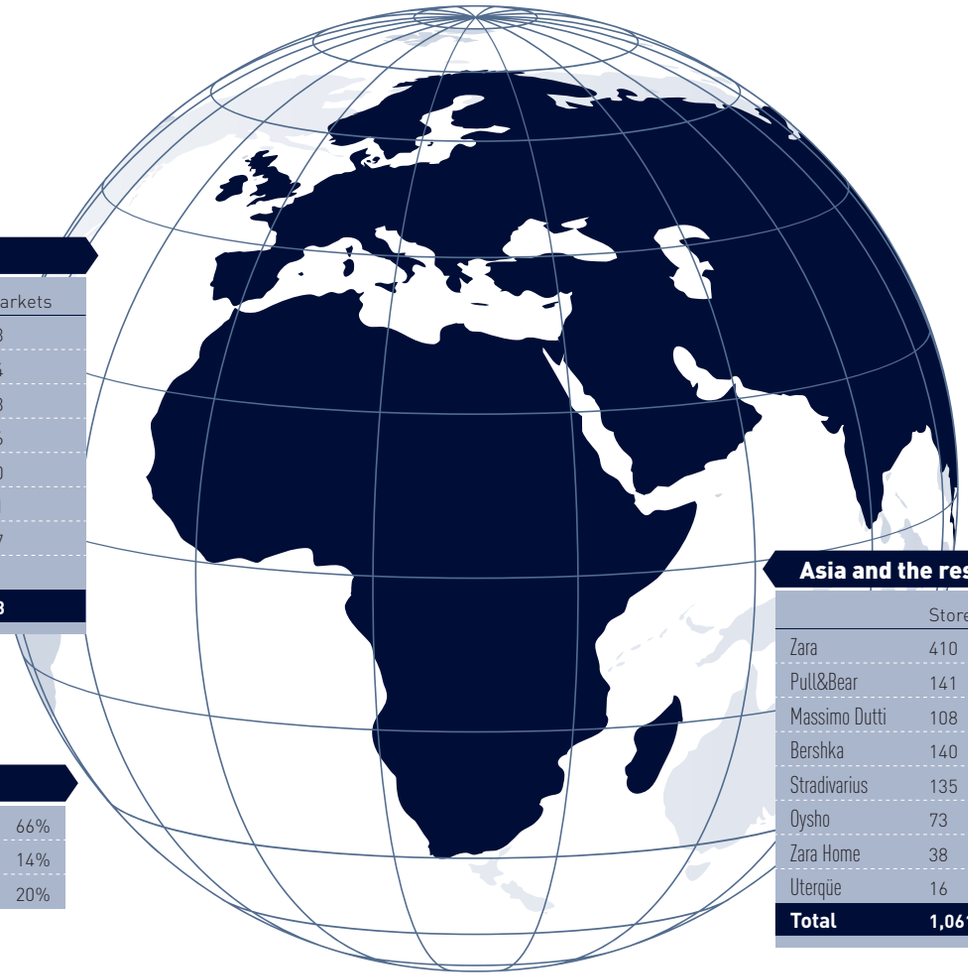
Armenia, Azerbaijan, Croatia and Georgia.

ZARA HOME

Brazil, Colombia, Guatemala, Dominican Republic and Peru.

UTERQÜE

China.



Europe

	Stores	Markets
Zara	1,296	43
Pull&Bear	622	34
Massimo Dutti	478	33
Bershka	669	36
Stradivarius	626	30
Oysho	412	21
Zara Home	295	17
Uterqüe	68	8
Total	**4,466**	**43**

In-store sales

Europe	66%
America	14%
Asia and the rest of the world	20%

Asia and the rest of the world

	Stores	Markets
Zara	410	25
Pull&Bear	141	17
Massimo Dutti	108	19
Bershka	140	18
Stradivarius	135	16
Oysho	73	11
Zara Home	38	11
Uterqüe	16	9
Total	**1,061**	**25**

Over 6,000 stores in 86 markets around the world

In 2012, Inditex continued its commercial expansion, consolidating its global presence. Thus, during the year it opened stores in five new markets: Armenia, Bosnia-Herzegovina, Ecuador, Georgia and the Former Yugoslav Republic of Macedonia. The Inditex Group thus ended 2012 with 6,009 stores in 86 markets, having opened 482 new stores in 64 countries during the year.

Europe

The European continent continues to account for the largest percentage of sales of the Inditex Group, with two thirds of its total turnover (66%). This role is endorsed by the rate of openings in the area during 2012, where four of the five new markets in which the Group started its commercial activities can be found: Europe accounted for 47% of the openings of new stores during the year, with the presentation of Zara's new image in emblematic locations such as London or Paris, or the entry of Pull&Bear in Austria, among other examples. Russia was the market with the largest number of openings in Europe (75).

America

The entry into a new market, Ecuador, was one of the major milestones in the commercial expansion of the Inditex Group in this area during 2012. In addition, Massimo Dutti began to operate in the United States, both through physical stores and online, as well as in Canada. Stradivarius opened its first five stores in Mexico, which consolidates itself as the Group's main market in America, reaching 246 stores; while Zara Home opened its first store in São Paulo (Brazil) and started selling its products online in the United States.

Asia and the rest of the world

Asia consolidated itself as the second most important geographical area by number of openings, with a total of 198 in the year as a whole. China continued to be the market with the largest number of inaugurations, 121 in 2012, with a total of 396 stores. In this regard, the arrival of Uterqüe to this market, with two stores in Beijing and Hong Kong, is particularly worth noting. South Korea and Japan are also relevant markets, where 13 and 12 stores respectively were opened during the year. It was precisely in Osaka (Shinsaibashi) that Bershka opened a flagship store.

EVOLUTION OF THE MAIN INDICATORS

Turnover

(in millions of euros)	2012	2011	2010	2009	2008
Sales	15,946	13,793	12,527	11,048	10,407

Results and cash flow

	2012	2011	2010	2009	2008
Operating profit (EBITDA)	3,913	3,258	2,966	2,374	2,187
Operating profit (EBIT)	3,117	2,522	2,290	1,729	1,609
Net profit	2,367	1,946	1,741	1,322	1,262
Net profit attributable to the parent company	2,361	1,932	1,732	1,314	1,253
Cash flow	3,256	2,613	2,540	2,060	1,864

Financial structure

(in millions of euros)	2012	2011	2010	2009	2008
Net Assets attributed to the parent company	8,446	7,415	6,386	5,329	4,722
Net financial position	4,097	3,465	3,427	2,380	1,219

Other relevant information

	2012	2011	2010	2009	2008
Number of stores	6,009	5,527	5,044	4,607	4,264
Net openings	482	483	437	343	573
Number of markets with commercial presence	86	82	77	74	73
Number of employees	120,314	109,512	100,138	92,301	89,112

Financial and management ratios

	2012	2011	2010	2009	2008
ROE	30%	28%	30%	26%	28%
ROCE	39%	37%	39%	34%	36%

Sales contribution by format

66.11% ZARA

6.81% PULL&BEAR

7.11% Massimo Dutti

9.31% Bershka

RETAIL FORMATS

6.03%

stradivarius

1.97%

OYSHO

2.20%

ZARA HOME

0.46%

UTERQÜE

	Sales by format*	Contribution by format	No. of stores at 2012 year end	Net openings 2012	New markets 2012	Countries with presence
Zara**	10,541	66.11%	1,925	120	5	86
Pull and Bear	1,086	6.81%	816	69	11	59
Massimo Dutti	1,134	7.11%	630	57	10	60
Bershka	1,485	9.31%	885	74	6	62
Stradivarius	961	6.03%	780	96	7	52
Oysho	314	1.97%	524	41	4	35
Zara Home	350	2.20%	357	47	5	35
Uterqüe	74	0.46%	92	3	1	18

* In millions of euros

** The number of Zara stores at the end of the year includes Zara Kids stores.

Principal indicators
(in millions of euros)

Net sales

10,541

Number of stores
(at the end of the financial year)

1,925

Net openings

120

Markets

86

New markets in 2012

5

ZARA

Zara sales increased by 18% in 2012, up to €10,541 million. During this year, the main chain in the Inditex Group began to operate in five new markets: Armenia, the Former Yugoslav Republic of Macedonia, Bosnia-Herzegovina, Ecuador and Georgia. Zara thus opened a total of 120 stores, reaching 1,925 stores in 86 markets.

2012 has also been the year in which Zara premiered its new store concept. This innovative interior design was presented at the brand's 666 Fifth Avenue store in New York. The new image revolves around the principles of beauty, clarity, functionality and sustainability. The store turns around two long axes, hallways, or "walkways", leading to individualised spaces or "cubes" on each side, in which the various collections are shown in an individualised way. The wood of the furniture has been finished in textures that are reminiscent of fabrics such as linen or silk, in elegant and neutral colours. In addition, with regard to sustainability, the store is in line with the guidelines governing the Inditex Group's eco-efficient stores.

This same renewed concept also governs another one of the stores located in a prominent location: Park House, on 460-490 Oxford Street (London). The fourth store of the chain on the British capital's main shopping street is, in addition, Inditex's store no. 6,000. A few days later, another outstanding Zara store would open to the public on no. 92, Champs Elysées, Paris. Another relevant milestone in the extension of the new concept was the opening of a new Zara store in the central Neuhauser Strasse in Munich.

In addition, Zara has taken a new step in the gradual expansion of e-commerce to all the markets in which it operates with the opening of its online store in China, www.zara.cn. As a result, Zara now operates online in 21 countries.

In the area of sustainability, the brand's Melbourne store obtained LEED Gold certification, the most demanding in the field of sustainable architecture, granted by the US Green Building Council. This seal acknowledges sustainable and eco-efficient construction.

www.zara.com

Principal indicators
(in millions of euros)

Net sales

1,086

Number of stores
(at the end of the financial year)

816

Net openings

69

Markets

59

New markets in 2012

11

PULL&BEAR

Pull&Bear increased its sales by 13% in 2012, thus exceeding €1,000 million, up to €1,086 million. The young and casual fashion brand continued with its commercial expansion during the year, with both physical and virtual stores. With regard to the former, it opened new stores in Austria, Colombia and Thailand. Thanks to this continued rate of international growth, it closed the year with 816 stores, having opened 69 throughout 2012. In addition, it launched its online store in four new markets: Greece, Monaco, Luxembourg and Switzerland. In these last three countries the brand does not have any physical stores.

In addition, this year Pull&Bear decided to introduce its new store concept - contemporary and colourful, breaking with tradition - which it has inaugurated in two stores in Spain, both of them located in shopping centres: Mataró Parc (Barcelona) and As Cancelas (Santiago de Compostela). The new image takes as its reference the Californian city of Palm Springs (United States), where the European and American cultures merge, evoking an idea of freshness and spontaneity fully in line with the brand's philosophy.

True to its commitment to sustainability and the environment, this year Pull&Bear wanted to go one step further within its traditional participation in Earth Hour, which the Inditex Group takes part in each year shutting down the storefronts of its flagship stores for one hour on 31 March. This year Pull&Bear sold a commemorative shirt of this global initiative. The proceeds from the sales of this garment, which was limited-edition and made 100% from organic cotton, were donated in full to the projects of the WWF/Adena Foundation in its fight against climate change.

Following its success, Pull&Bear has continued to develop special collections during this year: "Heritage", a Premium collection for men which is already in its third edition, and "Pull&Bear Kids", targeted at the children of the brand's customers, which has been sold exclusively online.

www.pullandbear.com

Principal indicators
(in millions of euros)

Net sales

1,134

Number of stores
(at the end of the financial year)

630

Net openings

57

Markets

60

New markets in 2012

10

Massimo Dutti

The brand for independent, urban and cosmopolitan men and women closed the year 2012 with a noticeable growth in sales, which rose 12%, standing at a total of €1,134 million. At the end of 2012, Massimo Dutti had a total of 630 stores in 60 markets, 57 of which were inaugurated during the year.

During the year, Massimo Dutti entered into three new markets: the United States, Canada and Taiwan. In the first of these, the two cities targeted for the first openings of the brand were New York, on Fifth Avenue, and Washington DC, in Georgetown. The Fifth Avenue store, with more than 1,270 square metres, has six shop windows and a façade of over 38 metres. To celebrate this opening, Massimo Dutti was assisted by the photographer Mario Testino and also launched an exclusive special collection, the 689 5th Avenue Collection. In addition, the opening of the brand in the United States also coincides with the launch of online sales in that country. In Canada, the brand opened its first store in the heart of Toronto, in the Eaton Centre shopping centre. Massimo Dutti also opened flagships stores in cities such as Hong Kong and Milan during 2012.

In order to meet the challenges posed by the expansion of the brand, this year Massimo Dutti launched at its headquarters in Tordera a new logistics platform, which will be a world benchmark. These facilities have over 60,000 square metres, which have allowed the brand to increase the capacity of the platform by more than 30%, enabling it to respond to the brand's growth needs.

Both the new headquarters of the brand, which also opened this year, and the new logistics centre, obtained LEED Gold certification, which accredits the eco-efficiency of the facilities.

On the occasion of the first anniversary of Massimo Dutti's online commercial presence, the brand renewed the image of its website, now richer in visual content and with a new menu that saves space and provides more details on the product.

www.massimodutti.com

BERSHKA

Principal indicators
(in millions of euros)

Net sales

1,485

Number of stores
(at the end of the financial year)

885

Net openings

74

Markets

62

New markets in 2012

6

Bershka

The second largest brand in the Inditex Group by sales volume increased its turnover by 13% in 2012, placing it at €1,485 million. Its EBIT rose by 51%, exceeding €239 million. The Inditex brand with the youngest commercial offering continued with its strong expansion during the year. With its 74 new stores opened during the year, its total number of stores rose to 885.

It opened new stores in markets such as Germany (Frankfurt), where it began its trajectory last year in the city of Berlin, or Japan, where it opened a flagship store in the city of Osaka. In addition, it continued to make progress in consolidating its online store, with the start of its e-commerce operation in Greece. In order to celebrate this new opening, Bershka organised a competition to design the logo for its online store among the design students of the Akto Art & Design school, one of the best design schools in Greece. The winning idea, which beat around twenty other proposals, was from the student Konstantina Giannakopoulou.

During this year, Bershka took a new step forward in the concept of eco-efficient store of the Group, incorporating LED lighting technology to its stores. This is the most advanced and energy-efficient lighting in the market, leading to 30% savings over traditional lighting. In addition to this milestone, the brand obtained the first LEED Platinum certification of sustainable construction, obtained by the Bershka store in Berlin.

www.bershka.com

Principal indicators
(in millions of euros)

Net sales

961

Number of stores
(at the end of the financial year)

780

Net openings

96

Markets

52

New markets in 2012

7

stradivarius

Stradivarius, a brand targeted at young people with a casual and imaginative style, opened 96 stores, thus becoming the brand of the Group which opened the second highest number of stores in the year. At the end of 2012, it had 780 stores around the world. With regard to sales, they rose by 10%, up to €961 million.

During the year, Stradivarius entered the Mexican market, where it previously had no presence and where it has opened five new stores, and in Colombia, in one of the most prestigious shopping areas of Bogota, the Zona Rosa. It also opened its first store in Bosnia-Herzegovina, in the shopping centre Mepas Mall in Mostar, the largest in the country. In addition, it continued its expansion in Italy with new premises in Milan (Via Mazzini).

This year was the year of Stradivarius' image, in every way. On the one hand, the chain premiered its new store concept, *the light box*. It consists of a versatile store, where light and open spaces are the protagonists, which is transformed with decorative items such as glass, wood or wrought iron, inspired by the architecture of a New York loft and with references to industrial decor. Stradivarius has redesigned not only its stores but also its logo. The brand's new logo has a fully current and renewed new graphic line. The brand's stamp, the clef, is integrated in it, forming a lighter and more easily recognisable new element.

True to its social commitment, this year Stradivarius opened in Manresa (Barcelona) its first store within the *for&from* initiative, which is promoted by the Inditex Group and favours the employment of people with disabilities. The establishment is entirely staffed by workers with severe mental disabilities, pursuant to the collaboration between Stradivarius and the Moltacte cooperative. This project signifies the continuity of the chain's social action in the Catalan region of El Bages, which began with the Salta project, a programme for the training and integration of young people at risk of social exclusion.

www.stradivarius.com

LETSGO!

Principal indicators
(in millions of euros)

Net sales

314

Number of stores
(at the end of the financial year)

524

Net openings

41

Markets

35

New markets in 2012

4

OYSHO

In 2012 the number of stores of the Inditex Group's women's underwear and lingerie brand rose to over five hundred, up to 524, after opening 41 new stores. Oysho sales rebounded by 1% in 2012, rising to €314 million.

Oysho continued to expand its business, both through physical stores and through e-commerce. On the one hand, it opened its first store in Macau. The store, with a sales area of 130 square metres, is located in the Cotai Strip shopping centre, a hotel, casino and shopping complex whose major expansion has just been completed, adding over one hundred new business premises. In addition, the Inditex Group's women's underwear brand launched a flagship store in Milan (Via Torino), an establishment whose decoration and furniture are inspired by a luxury home in 18th century North America, with materials of noble qualities such as ceramics or tiles. With regard to online shopping, in 2012 Oysho began to operate in two new markets: Greece and Poland. The brand thus now has an online presence in 12 countries.

On the occasion of the reopening of its flagship store in Madrid's Gran Via, the brand organised a competition, entitled *Where art you?!*, aimed at illustrators and graphic designers. The winner's creations were used on Oysho's Christmas cards. Each season, the chain makes a commitment to the talent of young artists and gives them carte blanche to embody their unique view of the collection in a unique set of cards.

The brand continued with its commitment to sports clothing. Oysho's new GYM collections, consisting of a range of functional garments without neglecting the design aspect, cover a variety of disciplines such as running, yoga, swimming or fitness. In addition, as a novelty, this year the launch was combined with a new iPhone application: Oysho Gymwear, which combines a personal trainer and stylist service in a single tool. The application allows you to record your training progress, customising the menu according to different objectives: calories, distance or time; to accompany exercise with playlists; and to share your achievements on Facebook.

www.oysho.com

Principal indicators
(in millions of euros)

Net sales

350

Number of stores
(at the end of the financial year)

357

Net openings

47

Markets

35

New markets in 2012

5

ZARA HOME

Zara Home closed 2012 with a significant increase in sales, 10%, rising up to €350 million. It opened 47 new stores, bringing the brand's total number of stores worldwide up to 357.

During this year, Zara Home continued its strong commercial growth with the opening of its first store in Brazil, where it previously had no presence. The store is located in the JK Iguatemí in São Paulo. This new space has been designed to combine the most avant-garde design with respect for nature, where the brand's customers can find the new collections, grouped around the four lines - White, Contemporary, Country and Ethnic - into which Zara Home's products are structured. In addition, the brand opened a flagship store in one of the main shopping streets of Munich, Fürstenfelder Strasse.

In addition, the brand specialising in home decoration and clothing items also began to operate online in three new markets: Poland, where it already had two physical stores, Finland and the United States. In the latter two cases, the brand only has an online presence. With these new openings, Zara Home now has online stores in 20 countries.

On the occasion of the earthquakes in the Emilia Romagna region of Italy, Zara Home took part in a solidarity initiative driven by Elle and Elle Decor to donate products - bed linen, towels, slippers, personal care items and plaid blankets, among other things - to the victims of the earthquakes. The aid was coordinated with Mirandola town council, one of the municipalities hit hardest by the earthquake.

www.zarahome.com

Principal indicators
(in millions of euros)

Net sales

74

Number of stores
(at the end of the financial year)

92

Net openings

3

Markets

18

New markets in 2012

1

UTERQÜE

Uterqüe experienced significant growth in its sales, 9% as at year-end, rising to €74 million. During the period, it opened 3 new stores, bringing the total number of the brand's stores up to 92 in 18 markets around the world.

The Inditex Group's youngest brand continued to consolidate its expansion process and reaffirmed its Asian presence with its arrival in China. Uterqüe opened its first store in Beijing, in the The Place shopping centre, and in Hong Kong. In addition, the brand opened new physical stores in emblematic locations in Mexico and Moscow, true to its sophisticated and elegant brand image. In the first case, the new store in Uterqüe is located at Avenida Presidente Masaryk, where the most prestigious establishments in Mexico City are to be found. The store remains faithful to the brand image, immersed in an evolutionary process involving improving knowledge of its ready to wear collection, without renouncing the importance of accessories. In the online arena, Uterqüe launched stores in Belgium, Holland and Austria, in the last two of which it does not have a physical presence. As usual, uterque.com offers the same range of items available in physical stores, as well as the same terms regarding changes and returns. This way, the brand maintains its qualified customer service, one of its distinguishing features together with the quality of its products.

www.uterque.com

SUSTAINABLE MODEL

ZARA HOME

BUSINESS MODEL

Stores

These lie at the very heart of Inditex's business model and combine customer demands with the proposals put forward by the design teams of each different brand. They are strategically located on the most important high streets to be found in all five continents and, thanks to the meticulously designed shop windows, the exceptional architectural design to be found both inside and out, the precise coordination of the products and top-class customer care, they play an essential role in representing the image of our brands. In addition, Inditex's concern for eco-efficiency, the focal point around which all new openings and reforms revolve, should not be overlooked.

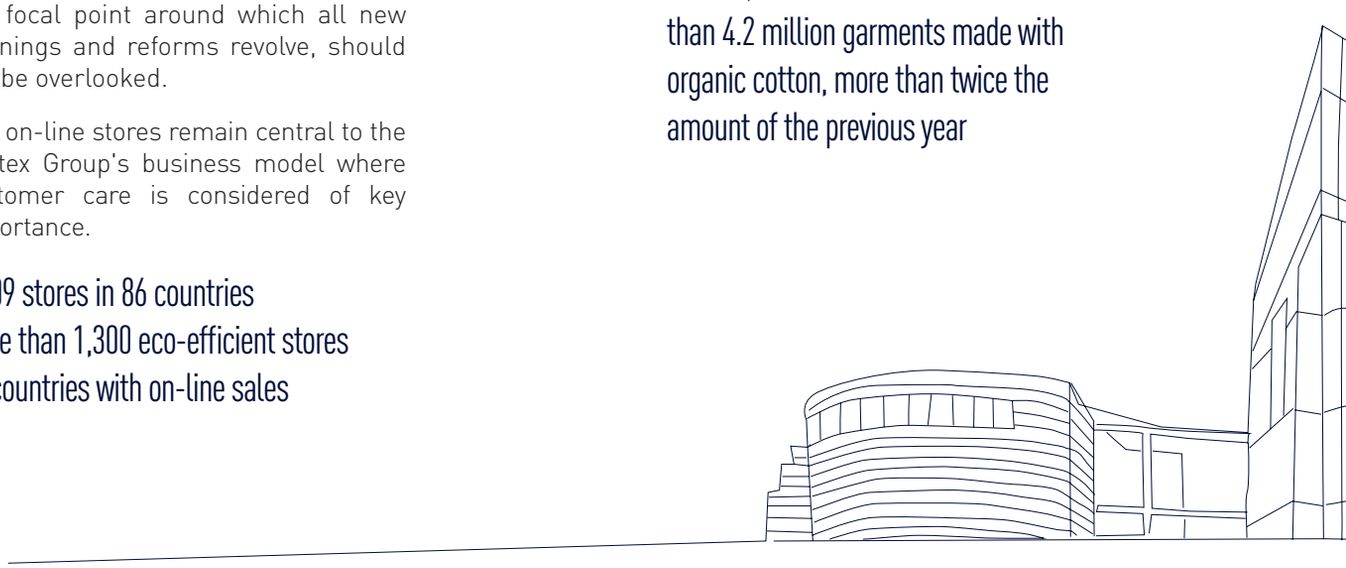
The on-line stores remain central to the Inditex Group's business model where customer care is considered of key importance.

6,009 stores in 86 countries
More than 1,300 eco-efficient stores
22 countries with on-line sales

Design

More than 1,000 professionals are in charge of product design and development and specific teams are used by each different brand. Their task is to respond to the wishes of the customers as quickly as possible using the information gathered in the stores themselves as well as on-line. More than 30,000 different models are created by the Group's design teams each season, combining the latest trends in fashion with our commitment to sustainability.

In 2012, Inditex commercialized more than 4.2 million garments made with organic cotton, more than twice the amount of the previous year



ZARA PULL&BEAR Massimo Dutti Bershka

Manufacturing

Over 50% of Inditex's manufacturing is carried out by local suppliers. Inditex maintains stable relations with its suppliers adopting an ethical and responsible approach in keeping with the Code of Conduct for Manufacturers and Suppliers, which was updated in 2012. Anyone wishing to work with the company must first agree to adhere to said Code. During the financial year, Inditex had a total of 1,434 suppliers.

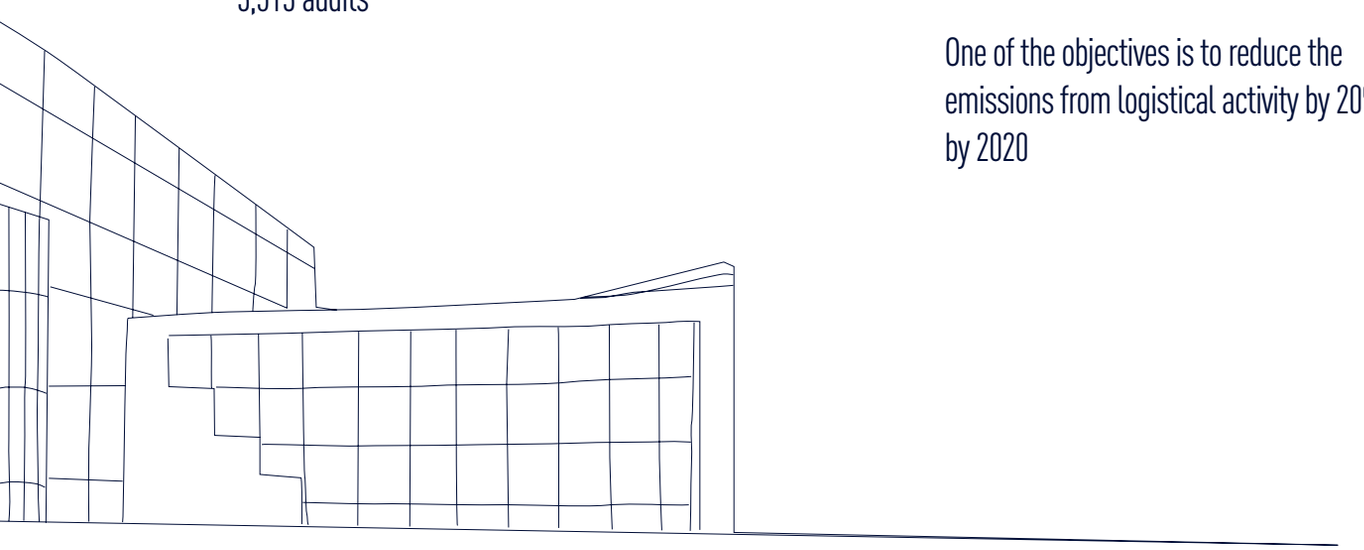
More than 1.4 million chemical analyses of products
3,513 audits

Distribution

The logistics system, created to ensure the items on offer in the stores could be continually replaced, guarantees that the product will reach its destination in no more than two days (24-36 hours in the case of Europe and 48 hours for the rest of the world).

One of the objectives is to reduce the level of emissions caused by this logistical activity by 20% by 2020. The Environmental Management System followed in seven of the eight logistical centres owned by Inditex, all of which are located in Spain, has been awarded the ISO 14001 certification.

One of the objectives is to reduce the emissions from logistical activity by 20% by 2020



stradivarius OYSHO ZARA HOME UTERQÜE

COMPANY RELATIONS WITH STAKEHOLDERS

code of conduct

Customers

Dialogue Tools

- Specialised customer care teams
- Stores, on-line stores, social networks
- Product Quality and Safety Department

Objectives

- Rapid response to customer demands
- Customer care that is segmented by country (10 languages) and service (the stores themselves and on-line sales) which allows to offer the customers a more personalised service

Suppliers

Dialogue Tools

- Clusters of suppliers
- Ethics Committee
- Commercial and CSR Teams
- Agreement with IndustriALL
- Compliance Programme for the Code of Conduct for Manufacturers and Suppliers

Objectives

- Guaranteeing the Code of Conduct for Manufacturers and Suppliers is adhered to on the supply chain

Employees

Dialogue Tools

- Ethics Committee
- Agreement with UNI Global Union
- Training, internal promotion, internal communications and newsletters, volunteer programmes

Objectives

- Having a highly-motivated team
- Strengthening employee commitment to the Code of Conduct and Responsible Practices

The Annual Report contains the most important social, economic and environmental indicators and allows stakeholders to assess the Group's performance during the financial year. These indicators are included in the Annual Report and their details can be found in the Global Reporting Initiative (GRI) index, which doubles as a Progress Report on the UN Global Compact of which Inditex is a member. After its last assessment, Inditex was awarded the Advanced Level for the very first time (this is the highest level awarded by Global Compact).

Community

- Social Council
- Cooperation with NGOs
- Sponsorship and Patronage Committee

- Ensuring the programmes developed have the broadest possible reach and impact

Shareholders

- General Shareholders' Meeting
- Sustainability ratings
- Investors relations

- Consolidation in sustainability ratings
- Corporate transparency

Environment

- Social Council
- Commitments with NGOs

- Application of the Environmental Strategy Plan

The dialogue maintained with stakeholders is essential to determine the relevance these award to different aspects; hence, Inditex works to ensure its strategy and activities are designed with this in mind.

In order to respond to the expectations of each different group, Inditex remains in constant communication with them so that the issues that are of greater interest or concern to them can be identified.

MATERIALITY ANALYSIS

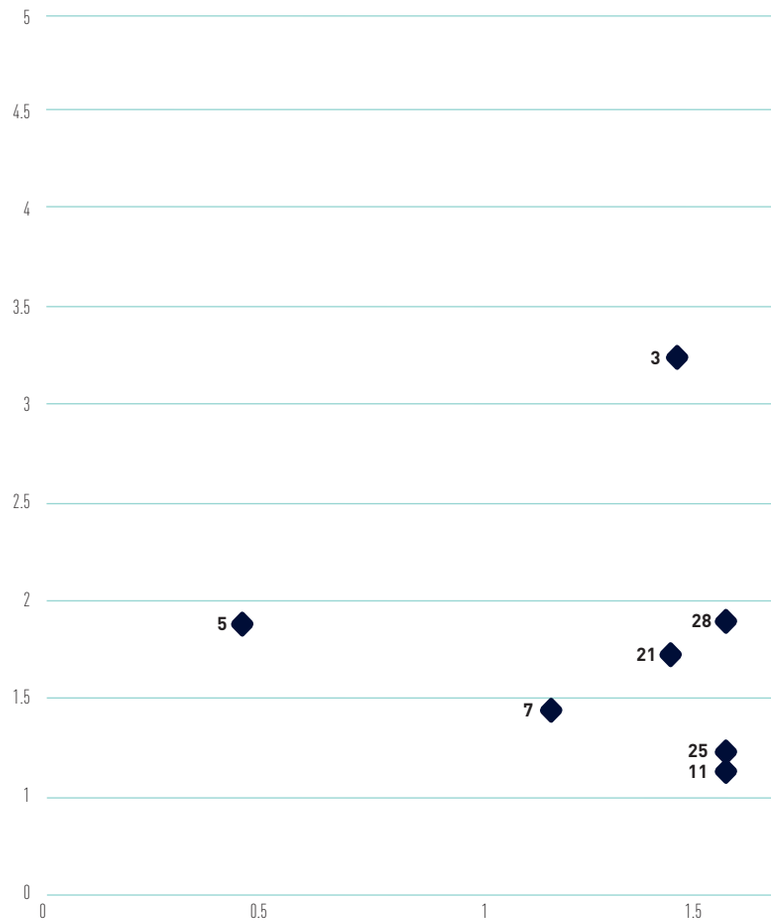
Defining the relevance of the aspects and issues Inditex handles with its stakeholders is traced using a materiality matrix which is updated by the organisation each year and which is used by them to discover:

a) The level of concern felt by the stakeholders towards aspects they consider of key importance
b) Their current or potential impact on Inditex
c) The organisation's responsiveness to these.

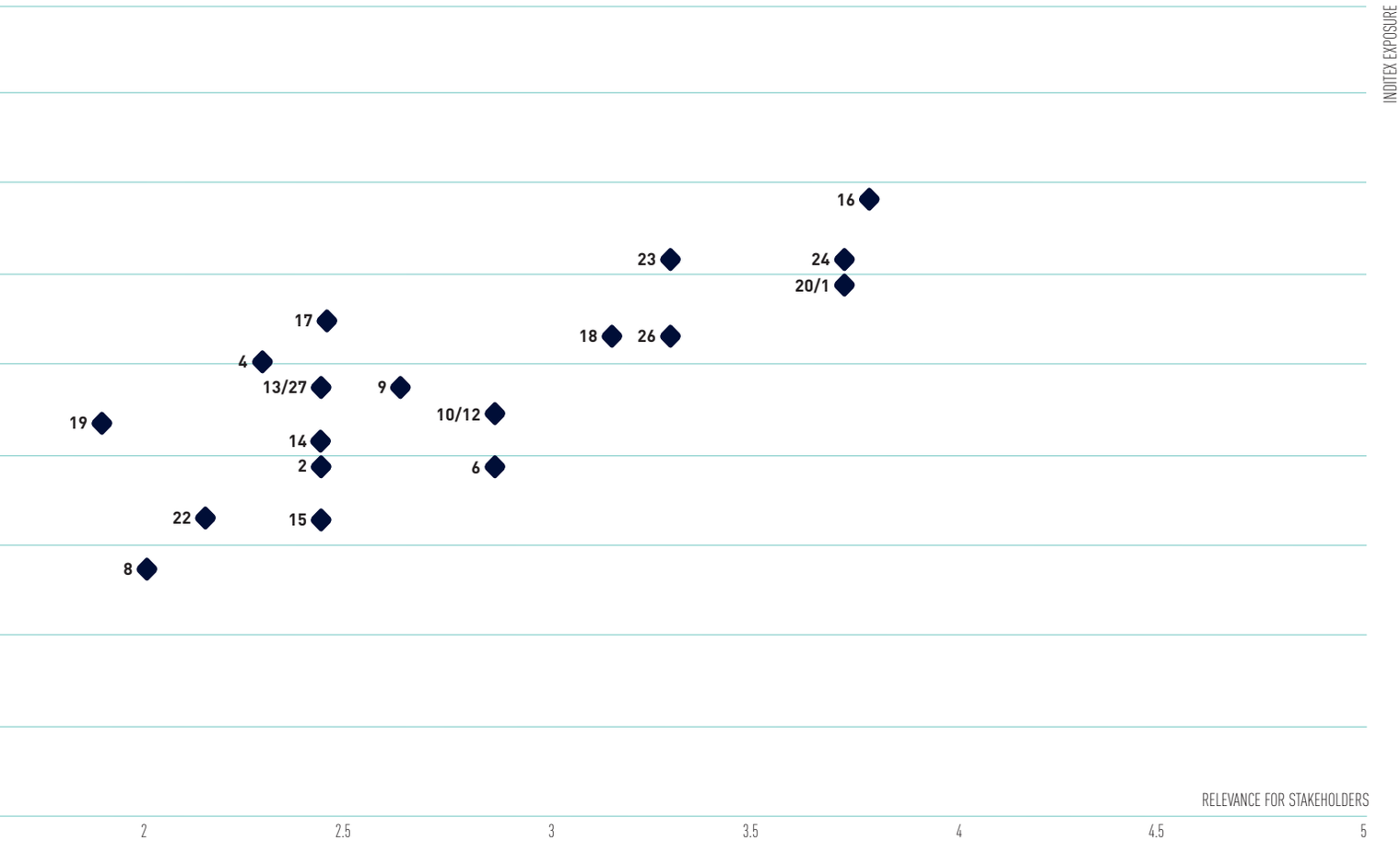
The methodology used by Inditex for this purpose was designed chiefly bearing in mind the Global Reporting Initiative (GRI), the International Framework Draft drawn up by the International Integrated Reporting Council (IIRC) and those principles included in the AA1000 Accountability Principles Standard of Accountability.

During 2012, when designing the materiality matrix, a variety of bodies and social participants of Inditex were consulted. The Social Council, as the legitimate representative of these groups, played a key role in developing the matrix and the opinions of customers, the media and NGOs with which Inditex had dealt with, in one way or another, during 2012 were used to complete it.

Materiality Matrix



1 Code of Conduct	**2** Groups of Influence	**3** Customer Care	**4** Strategy for emerging markets
5 R+D	**6** Climate change	**7** Green Design	**8** Green Retail
9 Environmental Management	**10** Materials Used	**11** Energy	**12** Water
13 Spillages	**14** Waste	**15** Emissions	**16** Human Rights
17 Integrity in the supply chain	**18** Corruption	**19** Product safety	**20** Labour practices
21 Attracting and retaining talent	**22** Development of human capital	**23** Labour relations	**24** Health and safety in the workplace
25 Development of local community	**26** Social Investment	**27** Dialogue and commitment to stakeholders	**28** Responsible advertising



The result obtained helps Inditex ensure that its strategy is correctly aligned and is later used to define the contents of both the Annual Report as well as other documents used to inform about the Group's activities, such as the corporate website.

Thus, the policies and programmes developed to help tackle the challenges or opportunities the company faces aim to respond to the opinions and concerns of Inditex' stakeholders.

CAPITALS

Human Capital

The sum total of the capabilities, knowledge and experience of the company's employees.

Intellectual Capital

The result of R+D activities and intangible resources, such as intellectual property rights or corporate reputation.

Financial Capital

The economic and financial resources at the company's disposition.

Within the framework of the approach provided by International Integrated Reporting Council's (IIRC's) Integrated Reporting Pilot Programme, in the contents of its 2012 Annual Report Inditex has included information related to the capitals at the company's disposition and which is used to generate value as well as to respond

Social and Relationship Capital

Company relations with stakeholders.

Manufactured Capital

The tangible assets that are used by the company or which result from its activities.

Natural Capital

Environmental resources, both renewable and non-renewable, that are used in or affected by the company's activities.

to the challenges and opportunities contained in this Annual Report. Inditex understands capitals to mean the different resources used by the company in its value creation processes. All of Inditex's activities involve one or more different types of capital as these are inter-related and under constant transformation.

Thus, this Annual Report identifies the different types of capital that intervene in each different challenge to which the company responds under the governance of its business model.

CORPORATE GOVERNANCE

ONE WAY

INDITEX'S CORPORATE GOVERNANCE

Foreword

Corporate Governance is usually defined as the manner wherein companies are organised, managed and controlled. In this context, corporate governance is deemed to be good, where directors and officers responsible for governance proceed diligently, ethically and with transparency in the performance of their duties.

Section 5.4. of the Board of Directors´ Regulations reads as follows: *"The Board of Directors shall perform its duties in accordance with the corporate interest, it being understood as the viability and the maximization of the Company' s value in the long term for the common interest of all the shareholders, which shall not prevent taking into account also other lawful interests, whether public or private, concurring on the development of the business activity, especially those of the other "stakeholders" of the Company: employees, clients, suppliers and the civil society in general. The Board shall determine and review the business and financial strategies of the Company in the light of said criterion, seeking a reasonable balance between the proposals passed and the risks assumed."* Thus, the enhancement of the value of the company may only be understood as an ongoing process of building value for each and every *stakeholder* therein involved: employees, shareholders, clients, business partners, suppliers and society in general, i.e., a socially responsible business model that allows an ongoing dialogue and that serves the common interests of all the groups.

The concept of good corporate governance arises thus as a necessary instrument to help meet the goal of creating net worth in the long term, and it shall be necessarily embodied through a Management that shall act ethically and with transparency and subject to control and verification, both internal and external.

This good corporate governance is an active part of the concept of corporate social responsibility, in its broad definition, that becomes a strategic tool to increase the effectiveness of the company, to achieve competitive advantages, together with the social responsibility *strictu sensu*, and environmental sustainability.

In line with the foregoing, the Annual Corporate Governance Report (ACGR) approved by the Board of Directors of Inditex, in accordance with the statutory form, represents a document that furnishes full and reasoned information about the structure and governance practices of the company, so that the market and the stakeholders may obtain a true image and a full and grounded view of corporate governance of the Inditex Group, as well as of the degree of compliance with the recommendations on good governance approved for such purposes.

Regulations on Corporate Governance

The rules governing the corporate governance of Inditex are established in:

- The Articles of Association, approved by the Annual General Meeting of Shareholders in July 2000, have been subject to different partial amendments, the latest of which has been approved by the AGM held on 17 July 2012.
- The Regulations of the General Meeting of Shareholders, approved by this body on 18 July 2003 and amended in part by subsequent resolutions of the AGM. The lastest amendment to the Regulations of the General Meeting of Shareholders was approved by the AGM held on 17 July 2012.
- The Board of Directors' Regulations were approved by the Board of Directors in July 2000. Further to several partial amendments, the latest change to these Regulations was approved by said body in the meeting held on 12 June 2012.
- The Internal Regulations of Conduct Regarding Transactions in Securities of Industria de Diseño Textil, S.A. and its Corporate Group was approved by the Board of Directors in July 2000 and amended in part by the Board in the meetings held on 20 March and 11 December 2003 and 13 June 2006.
- The Code of Conduct and Responsible Practices and the Code of Conduct for Manufacturers and Supplies, approved by the Board of Directors in the meeting held on 17 July 2012.
- The Manual on Criminal Risks Prevention, approved by the Board of Directors in the meeting held on 17 July 2012.

In the course of 2012, Inditex has continued enforcing and consolidating in practice the amendments carried out to the above referred regulations in order to adapt them to the Unified Good Governance Code for Listed Companies. Inditex has been able to meet almost all the recommendations of the above referred Code (in excess of 96% or recommendations which affect the company).

Throughout the year, the Articles of Association, the Board of Directors' Regulations and the Regulations of the General Meeting of Shareholders were adapted to the regulatory changes introduced by Act 25/2011 of 1 August, whereby portions of the Act on Capital Companies were amended related to the exercise of certain rights of shareholders of listed companies; to the new wording of section 246 of the Act on Capital Companies; to Act 2/2011 of 4 March on Sustainable Economy; to the new sections 61 bis and 61 ter of Act 24/1988 of 28 July, on the Stock Exchange, regarding the obligation for listed companies to issue, on an annual

basis a report on corporate governance and another on directors' compensation and to recommendations number 44 and 54 of the Unified Good Governance Code for Listed Companies. Likewise, the powers of the Annual General Meeting of Shareholders, the Audit and Control Committee and the Nomination and Remuneration Committee were extended and any references to the repealed Spanish Corporation Act were removed to replace them with the relevant references to the Act on Capital Corporations. In addition, technical and editorial improvements were introduced.

Bodies and mechanisms in charge of Corporate Governance

Inditex's corporate governance is implemented through the following institutional and operational bodies and mechanisms:

1.- The General Meeting of Shareholders.- Inditex observes the "one share, one vote" rule; attendance to the AGM is not conditional upon holding a minimum number of shares, and the Articles of Association do not provide any control enhancing mechanism, so the degree of good governance thus achieved is optimum.

2.- The Board of Directors is made up of one executive director, three proprietary directors and five independent directors, all of them professionals of repute completely alien to the management team and to significant shareholders, and thus the percentage of independent directors – the majority–sitting on Inditex's board is way higher than the share that would correspond to the Free Float of the company. During the 5 meetings held by such body in 2012, the Board of Directors acknowledged *inter alia* the business transacted by the Audit and Control Committee and the Nomination and Remuneration Committee; it reviewed and approved the results that the company is bound to submit regularly to the market and its supervisory bodies, approved the Annual Corporate Governance Report for FY 2011, the Triple Report and the annual report on directors' compensation.

3.- The Audit and Control Committee.- Ahead of statutory provisions and recommendations, this Committee comprises six directors, the majority of them independent as stated above. During FY2012 the Committee met six times and, in addition to reviewing the results of the Company and the information to be provided to the market, it dealt with relevant corporate governance issues such as the supervision of the Internal Audit function of the Inditex Group, the identification and

assessment of Group risks, and the review of the annual report tabled by the Committee of Ethics.

4.- The Nomination and Remuneration Committee.- This body is made up of six directors, the majority of them independent, and during FY2012 it held five meetings to review and issue reports, *inter alia*, on the appointment of officers, transactions with related parties, the human resources policy and the annual report on directors' compensation.

5.- The Code Compliance Supervisory Board and the Code Compliance Office.- Reporting directly to the Audit and Control Committee, the Code Compliance Supervisory Board is made up of the Chairman and Chief Executive Officer of the company, who chairs such Board, the General Counsel, who also serves as Code Compliance Officer, the Capital Markets Director, and the Head of Human Resources. The Code Compliance Supervisory Board is charged with promoting knowledge and ensuring compliance with the Internal Regulations of Conduct regarding transactions in securities of the Inditex Group. The Code Compliance Supervisory Board met three times during FY2012 to deal with certain transactions with Inditex's securities.

6.- The Committee of Ethics.- Detailed information on the Code of Conduct and Responsible Practices and the Committee of Ethics is available in the next pages.

Transparency and Information

Good Governance requires that stakeholders may have a regular and timely access to any relevant, appropriate and reliable information, both as regards corporate governance regulations and exercise, and the results achieved.

Therefore, in order to achieve maximum corporate transparency, in addition to including all relevant information and communications on its website, Inditex has kept the market regularly posted during fiscal year 2012 through the submission of the relevant "Results releases" and the proceedings with institutional investors described on the foregoing pages.

The 2012 Corporate Governance Report is included in the chapter Performance.

NEW CODE OF CONDUCT AND RESPONSIBLE PRACTICES. COMMITTEE OF ETHICS

The Code of Conduct and Responsible Practices

For the purposes of reasserting the values and guidelines which drive Inditex's business, and adapting the risks control system to the social environment, the new "Code of Conduct and Responsible Practices" (which supersedes both the former Code of Conduct and the Internal Guidelines for Responsible Practices) was approved by the Board of Directors on 17 July 2012, and the "Code of Conduct for Manufacturers and Suppliers", formerly known as the "Code of Conduct for External Manufacturers and Workshops", was adapted. Additionally, the Manual on Criminal Risks Prevention and the Whistle Blowing Channel Procedure were also approved by the Board of Directors.

The Code of Conduct and Responsible Practices provides the action lines which must be followed by the Group in the performance of its professional duties. Its goal consists of exacting an ethical and responsible professional conduct from Inditex and its entire workforce in the conduct of their business anywhere in the world, as a gist of its corporate culture upon which the training and the personal and professional career of its employees is based. For such purposes, the principles and values which shall govern the relationship between Inditex and its stakeholders (employees, customers, shareholders, business partners, suppliers and the societies where its business model is implemented) are defined.

The Code of Conduct and Responsible Practices is based upon a number of general principles, among which the following ones may be underscored: the operations of the Inditex Group shall be developed under an ethical and responsible perspective; all persons, whether natural or legal, who maintain, directly or indirectly, any kind of professional, economic, social or industrial relationships with Inditex shall be treated in a fair and honorable manner and all the activities of Inditex shall be carried out in the manner that most respects the environment, promoting biodiversity preservation and sustainable management of natural resources.

The Committe of Ethics

In order to ensure compliance with the Code of Conduct and Responsible Practices, there is a Committee of Ethics, composed of the General Counsel and Code Compliance Officer, who chairs such Committee, the Human Resources Director, the Corporate Social Responsibility Director and the Internal Audit Director.

The Committee of Ethics reports to the Board of Directors through the Audit and Control Committee and has the following duties:

- To supervise compliance with the Code and the internal circulation thereof to Inditex's personnel.
- To receive any manner of written instruments with regard to the enforcement of this Code and to send them, where appropriate, to the relevant body or department which may be responsible for dealing with and settling such instrument
- To monitor and supervise the management and settlement of any file.
- To solve any doubts which may arise, regarding the enforcement of the Code.

- To propose to the Board of Directors, after report from the Audit and Control Committee, any explanation or implementation rule which the enforcement of the Code may require.
- To supervise the Whistle Blowing Channel and compliance with the Procedure.

In the performance of its duties, the Committee of Ethics ensures:

- The confidentiality of all the information and background and of the acts and deeds performed, unless the disclosure of information is required by law or judicial order.
- The thorough review of any information or document that originated its action.
- The commencement of such proceedings that adjust to the circumstances, where it shall always act with independence and full respect of the right of the affected person to be heard as well as of the presumption of innocence.
- The indemnity of any employee as a result of bringing complaints in good faith to the Committee
- The Committee of Ethics submits a report twice a year to the Audit and Control Committee reviewing its proceedings and the enforcement of the Code of Conduct and Responsible Practices.

Additionally, the Audit and Control Committee reports to the Board of Directors, on an annual basis as well as whenever this latter so requires, on the enforcement of the Code of Conduct and Responsible Practices and of the additional documents which comprise the regulatory compliance policy of the group from time to time in force.

All employees of Inditex, manufacturers, suppliers or third parties with any direct relationship with the company and a lawful business or professional interest, may, regardless of their tier or geographic or functional location, report to the Committee of Ethics through this Whistle Blowing Channel any breaches of the Code of Conduct and Responsible Practices or of the Code of Conduct for Manufacturers and Suppliers that they may be aware of, which affect Inditex, and which arise from any other employees, manufacturers, suppliers or third parties with whom Inditex has any direct employment, business or professional relationship, through a report made in good faith.

During fiscal year 2012, the number of notices and reports received by the Committee of Ethics has increased. An aggregate number of 27 notices were given, 22 of which were received after the entry into force of the new Code of Conduct and of the Whistle Blowing Channel Procedure. Additionally, the Committee of Ethics has reviewed ex-officio one case without a prior report. The main grounds addressed in the notices were complaints about behavior of employees or of third parties in breach of the commitments or ethical values addressed in the Code of Conduct and Responsible Practices and raising questions about certain issues regarding its enforcement. All reports received have been duly processed and settled by the Committee of Ethics.

Decisions of the Committee of Ethics shall be binding for the company and for the employees.

CHALLENGES AND PERSPECTIVES

PULL&BEAR

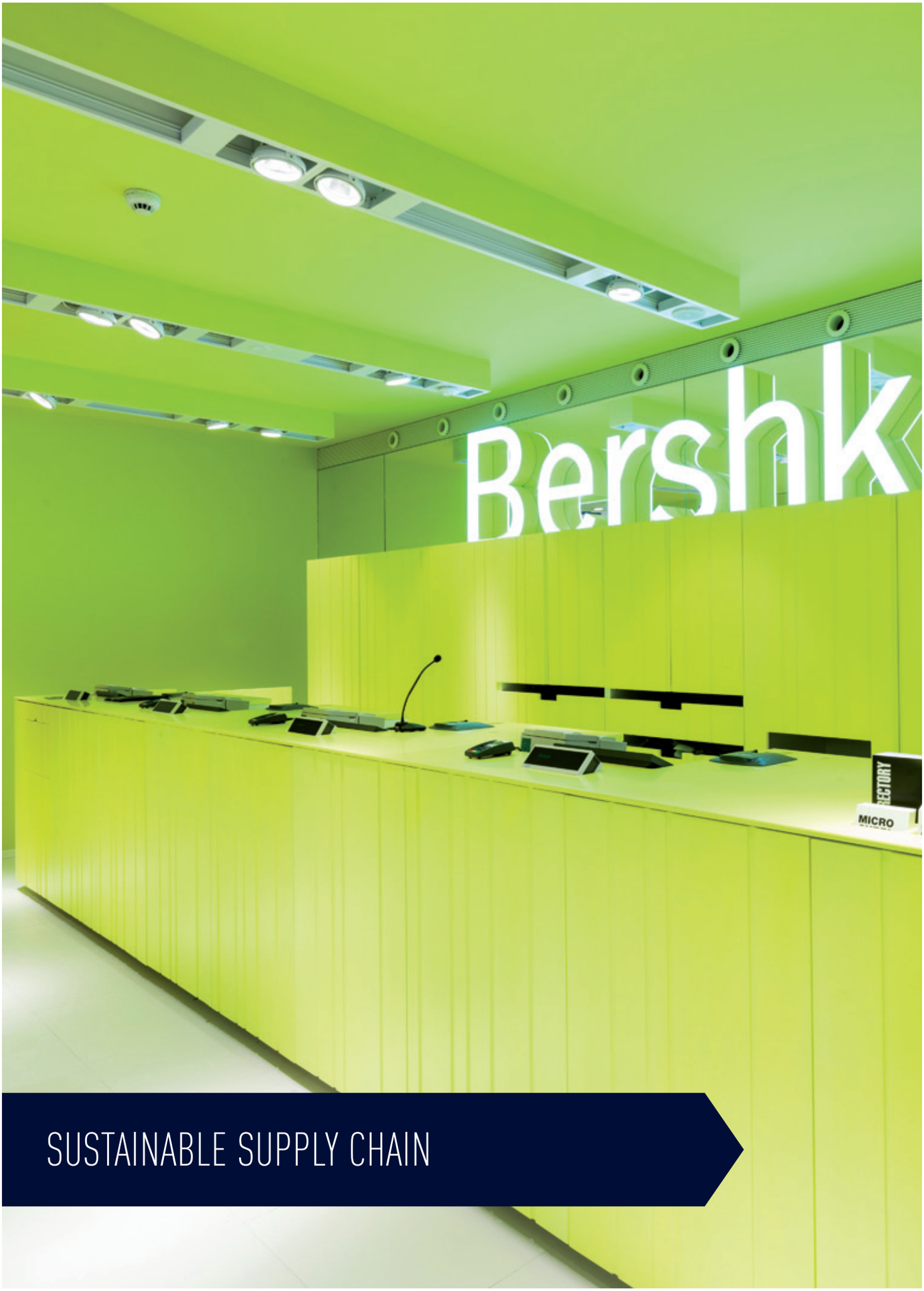
INTRODUCTION

Inditex's 2012 Annual Report is structured as an integrated report; therefore, this chapter explains the various challenges that were identified by the organisation as lines of work during the year, as well as the future perspectives on material aspects for Inditex's stakeholders.

Inditex defined several categories (sustainable supply chain, responsibility towards the product and the customer as well as commitment to people) that reflect a range of fundamental objectives as well as the projects it developed in 2012 in response to these.

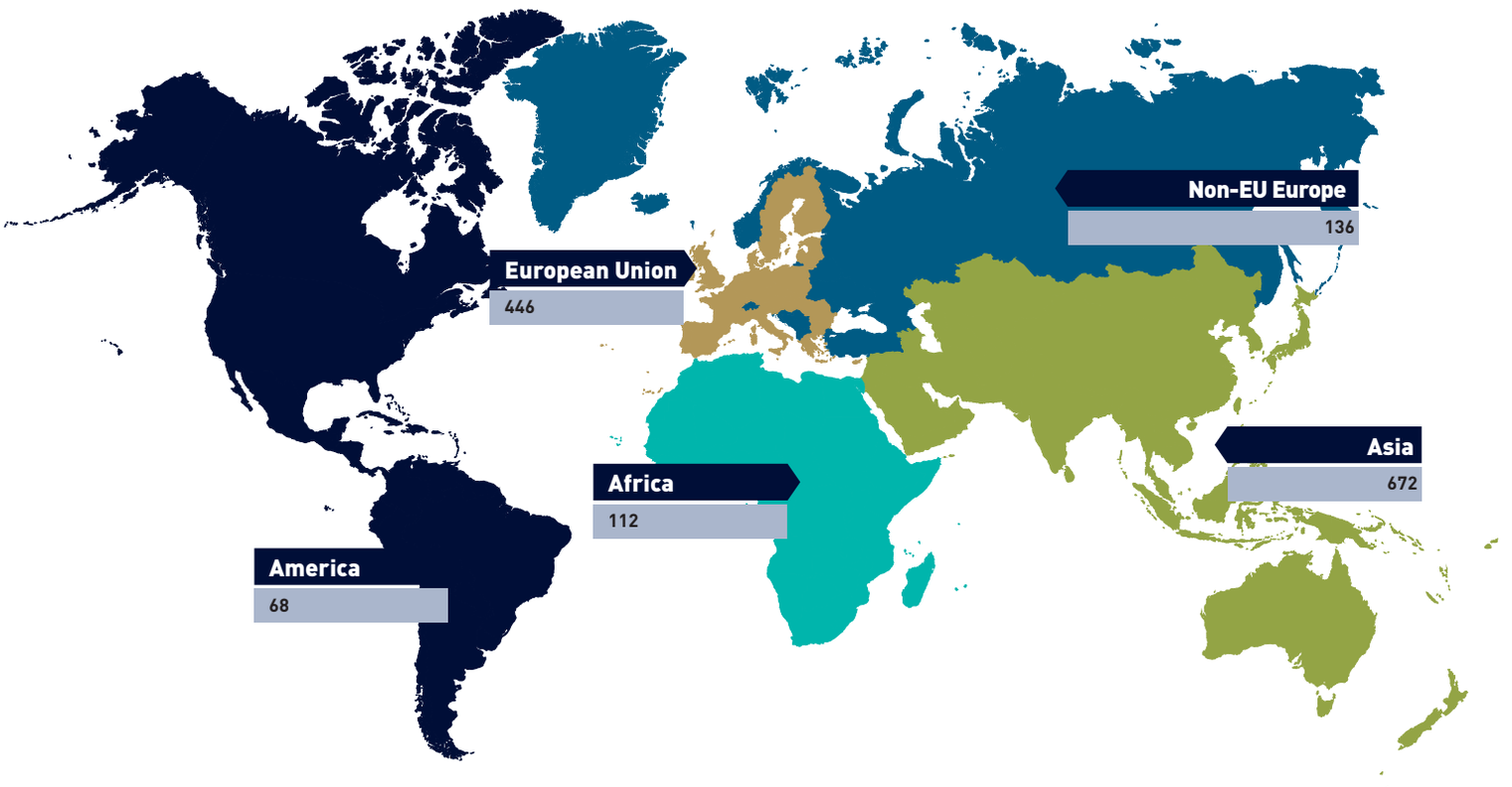
Each challenge included in this chapter is presented as follows:

OBJECTIVE	The line of work determined by Inditex as a response to the challenge identified
OPPORTUNITY	Added value determined as a response to the objective
TYPES OF CAPITAL INVOLVED	The main types of capital involved within the area of activity affected by the challenge, following the model of classification proposed by the International Integrated Reporting Council (IIRC)
MATERIALITY MATRIX	Aspects contained in the materiality matrix, drawn up in accordance with the queries put to the stakeholders directly related to the challenge



SUSTAINABLE SUPPLY CHAIN

Geographical distribution of suppliers to the Inditex Group



Inditex's business model is based on the premise that all its processes must be sustainable and responsible. This concept of sustainability in Inditex not only covers the entire value chain but is also considered the focal point of all its strategic decisions. In this regard, it is understood to be a responsibility that is shared by all Inditex's members of staff.

The value chain is characterised by what is known as proximity sourcing, which means that more than 50% of production is carried out in areas close to the head offices and logistical centres in Spain. The flexibility that defines Inditex has also spread to its suppliers that have flourished alongside the company.

Apart from the suppliers that can be found in close proximity (the largest group of suppliers), the rest up to the more than 1,400 come from different cultures and societies which allows the Group to ensure a wide variety of specialities in textile manufacture. All of these, as well as each factory where production is carried out, must be explicitly bound by the values of social and environmental responsibility that defines Inditex, through the Department of Corporate Social Responsibility, the Department of the Environment and the commercial and purchasing teams. Inditex's response to this challenge was to create and implement policies that are in line with fundamental labour standards and environmental protection, setting up tools to aid direct communication with its suppliers and multilateral dialogue with the bodies and institutions that work in these areas. Moreover, Inditex's customers are also aware of this commitment. Inditex guarantees its customers products that meet the most exacting health and safety standards.

Inditex's extensive team of in-house and external professionals in sustainability, comprising more than 2,700 people, works closely with the rest of the departments within the company, jointly facing the common challenge that entails not only strengthening and ensuring a sustainable supply chain but also striving for a positive impact on the communities where this is located.

In addition, social dialogue and coordination with different stakeholders (chiefly, unions, non-governmental organisations, business associations, governments and members of civil society) are considered essential elements. In particular, participation in international platforms, such as the Ethical Trading Initiative, the UN Global Compact and the Framework Agreement with IndustriALL Global Union, has proved itself a useful learning tool that encourages the application of best practices.

Inditex's supply chain in 2012*

Region	Suppliers with purchases in 2011	Suppliers not used in 2012	New suppliers in 2012	Suppliers with purchases in 2012
Africa	127	30	15	112
America	66	22	24	68
Asia	686	271	257	672
Non-EU Europe	134	45	47	136
European Union	477	106	75	446
Total	**1,490**	**474**	**418**	**1,434**

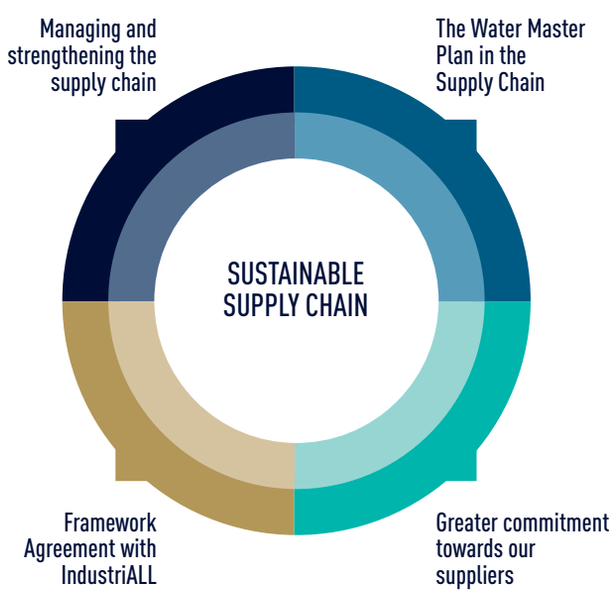
* Product suppliers of fashion items, mainly clothes, shoes and accesories producing over 20,000 articles/year. Suppliers with lower production levels represent 0.48% of the total production

Protect, respect and remedy

One of the fundamental principles of the *UN Framework for Business and Human Rights* obliges companies to act with due diligence to avoid infringing on the rights of others. In 2011, this Framework, known as the *Ruggie Framework*, was developed based on the "Guiding Principles on Business and Human Rights: implementation of the U.N. framework to protect, respect and remedy".

Inditex is committed to respecting and applying these principles by implementing policies directed at maintaining the sustainability of its supply chain using a two-pronged approach: avoid causing adverse impacts in the community where it operates and seek to prevent or mitigate consequences directly linked to its operations, even if it has not contributed to those impacts.

The premises set up by Inditex to address the challenge inherent in maintaining a sustainable supply chain are:



1. Managing and strengthening the supply chain

OBJECTIVE

Improving the labour and environmental conditions of the suppliers and factories that form part of Inditex's supply chain

OPPORTUNITY

Having a stable, responsible supply chain that helps develop the communities in which it is present

TYPES OF CAPITAL INVOLVED

Human	Natural	Manufactured

MATERIALITY MATRIX

Code of conduct	Environmental Management	Discharge
Human Rights	Labour relations	Waste
Integrity in the supply chain	Labour practices	Dialogue and commitment with stakeholders
Health and safety in the workplace		

Inditex 's response to the "assessment of the real and potential impact of [its] activities", presented in the UN's Guiding Principles, is included in its Compliance Programme.

This tool, designed by Inditex and constantly revised and updated, provides ample information on the assessment of the Group's suppliers based on their degree of compliance with the Code of Conduct for Manufacturers and Suppliers, the identification of specific areas of improvement and the implementation of corrective action plans.

New Code of Conduct for Manufacturers and Suppliers

The Code of Conduct for Manufacturers and Suppliers is used by Inditex to structure the work carried out to control and strengthen the supply chain.

This Code was first ratified in February 2001 by the Inditex Board of Directors and later reframed in June 2007. On July 16, 2012 the Board approved a rewrite that aimed to update the Code by incorporating best practices to extend its validity and to encourage mandatory compliance by Inditex's manufacturers and suppliers.

The modifications made to the formulation of the Code of Conduct for Manufacturers and Suppliers are proof of the document's flexible nature within Inditex. Some of the most important changes are:

Strengthening existing commitments

ITEM OF THE CODE	NEW ITEM	NEW FORMULATION
Environmental Awareness	This strengthens the suppliers' compliance with Inditex's specific environmental standards and minimises the impact or ecological footprint of the products	Manufacturers and suppliers shall be duly committed at all times to protect the environment and shall comply with the standards and requirements of the applicable local and international Laws and Regulations
		Likewise, they commit to comply with environmental standards established by Inditex including, if applicable, the necessary measures to reduce and compensate such impact in order to apply said standards

Aspects not covered by the previous code

ITEM OF THE CODE	NEW ITEM	NEW FORMULATION
Code Implementation	Manufacturers and suppliers can contact the Ethics Committee at Inditex through a Whistle-Blowing channel	This Code is aligned with the principles and values that are included in the Inditex Code of Conduct and Responsible Practices, which regulates a Committee of Ethics and Whistleblowing Channel to ensure its enforcement
		In this sense, and in order to ensure the enforcement of the Code of Conduct for Manufacturers and Suppliers, the Committee of Ethics can act at its own initiative or following a formal complaint made in good faith by a manufacturer, supplier or other interested third party that might have any direct relationship or commercial or professional interest with Inditex
		To this end, any notices given pursuant to the provisions of this Code, either reports of any breach or enquiries regarding the Code's interpretation or application can be addressed directly to the Committee of Ethics via post, email and/or fax.
Confidentiality of Information	A new clause that stipulates how sensitive information should be processed	Manufacturers and suppliers are obliged to preserve the integrity and confidentiality of the information they receive as a consequence of their commercial relationship with Inditex

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Traceability

Production traceability is key in the textile industry as a tool to control the relevant risks to Fundamental Labour Rights. The new Code of Conduct for Manufacturers and Suppliers, ratified in July 2012, establishes that:

"Manufacturers and suppliers shall not assign any work to third parties without the prior written authorization of Inditex. Those who outsource any work shall be responsible for the enforcement of the Code by these third parties and their employees".

This Code is binding for all suppliers and manufacturers that enter a commercial relationship with Inditex. In addition, Inditex sets up measures of control to mitigate the risk of non-authorised production, such as:

- Analysing production capacity ratios based on orders assigned per supplier / manufacturer
- Establishing a dynamic channel of communication and approval of the manufacturers that produce the orders assigned by Inditex
- Setting up specific auditing and control procedures for secondary and subsequent manufacturing levels within the supply chain
- Adapting Inditex's computer tools so that all factories involved in production can be registered
- Setting up a system to control production at source

During the 2012 financial year the following activities carried out within the framework of the Code of Conduct for Manufacturers and Suppliers are worth special mention:

A. Pre-assessment

Thanks to the pre-assessment process it is possible to assess suppliers wishing to form part of Inditex's supply chain before they actually begin, thus ensuring that only those suppliers and factories that meet the requirements for social, labour and environmental standards and product health and safety receive orders.

The pre-assessment process was extensively reviewed in June 2012, and the results were:

- Greater ease-of-use thanks to the new, more intuitive self-assessment process for suppliers.
- Improved consistency, as the system was integrated to a greater extent with the rest of the company's tools.
- Faster turnaround, the average supplier was processed in less than three days.

More training, with 24 pre-assessment training sessions given to Inditex's commercial and CSR teams as well as to external auditors, with a total of 135 people attending.

From the time this new system was first set up until January 31, 2013, a total of 305 suppliers applied to carry out the pre-assessment process. These applications lead to audits only when the suppliers propose to use factories that the Group has not worked with beforehand. Should a prior relationship exist, these will have already undergone a pre-assessment audit which will remain valid for 12 months from the time it is carried out. In 2012, 113 pre-assessment audits were carried out on new factories with the following result:

Pre-assessment audits carried out in 2012*

Region	Nº of Audits	% Approved
Africa	7	57%
America	2	100%
Asia	57	56%
European Union	30	57%
Non-EU Europe	17	35%
Total	**113**	**54%**

* Data since when the new Pre-assessment System was first commissioned (June 2012).

Once the suppliers have successfully passed through the pre-assessment process, they are required to sign the Inditex Minimum Requirements document, a necessary step before they can receive their first order. This document means that the supplier agrees to adhere to the Group`s standards, including the product health and safety standards (Clear to Wear and Safe to Wear) and the Code of Conduct for Manufacturers and Suppliers.

The average time taken to process a pre-assessment evaluation is less than 3 days

The Pre-Assessment Process

B. Audits

All suppliers that form part of Inditex's supply chain undergo social audits. These are conducted by Inditex's local CSR teams or specialised external auditors within the manufacturers' facilities to assess their degree of compliance with the Code of Conduct for Manufacturers and Suppliers. These social audits, structured around the Code of Conduct, were conducted in accordance with the Tested to Wear methodology, which was jointly designed in 2007 by the International Trade Union Federation, ITGLWF (now associated with the industry's new international federation, IndustriALL Global Union), the Cambridge Centre for Business and Public Sector Ethics and Inditex. This methodology will be extensively reviewed in 2013 so as to include all the modifications and experiences accumulated over the last few years.

These social audits include inspections of the installations, document reviews (management systems, payroll, hours worked, production, worker documentation and permits among others), interviews with factory managers, employees, trade union representatives and health and safety representatives, to name but a few.

Audits conducted in factories and workshops in 2012 by geographical area

	Initial audits	Follow-up audits	Special Audits*	Total
Africa	56	66	101	223
America	158	6	326	490
Asia	1,020	328	271	1,619
Non-EU Europe	478	101	154	733
European Union	301	107	40	448
Total general	**2,013**	**608**	**892**	**3,513**

* This section includes pre-assessment audits,classification visits and other requirements.

In 2012, the consolidation of the local CSR teams meant an increase of 48% in the number of audits conducted in comparison with the previous financial year.

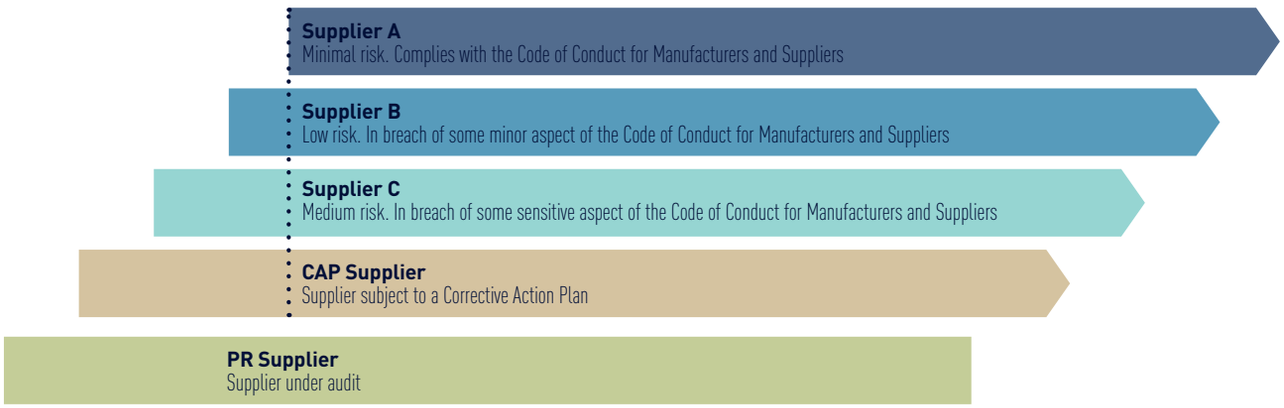
For more information on the audits conducted per country, see the Sustainability Balance Sheet (page 291)

In 2012, the number of audits increased 48%

More than 91% of the articles produced in 2012 came from Suppliers A or B

As a result of the social audits, suppliers are classified according to their degree of compliance with the Code of Conduct for Manufacturers and Suppliers. More than 91% of the articles produced in 2012 came from Suppliers A or B. The Group's ultimate objective is for its suppliers to be categorised as A or B.

The different degrees of compliance with Inditex's Code of Conduct for Manufacturers and Suppliers



Rating of suppliers used in 2012*

	2012		2011	
TOTAL	**SUPPLIERS**	**% SUPPLIERS**	**SUPPLIERS**	**% SUPPLIERS**
A	525	37%	573	39%
B	617	43%	501	34%
C	157	11%	183	12%
CAP**	72	5%	122	8%
PR	63	4%	111	7%
Total general	**1,434**	**100%**	**1,490**	**100%**

* Inditex has changed the scope of these indicators with respect to last year. The data presented for 2012 relates to the classification of suppliers who made purchases in the year and not to those active at the end of the year as was done in the 2011 Annual Report. To make it easier to compare the information, we have thus chosen to reformulate the data from last year, including the data discarded during 2011.

** Suppliers subjected to a Corrective Action Plan.

In the 2012 Annual Report Inditex replaced the former "D" rating (supplier in breach of a critical aspect of the Code of Conduct) with the new "CAP" (Corrective Action Plan) rating. This is not merely a question of terminology as it implies a change in perspective and a commitment to improve that is inherent in the programme Inditex has followed for more than 10 years with the aim of strengthening the supply chain. That is to say, all suppliers, especially those included in this new rating, are issued an improvement plan (that they are obliged to implement) which focuses on the most important breaches of the Code of Conduct. This commitment is shared by all parties involved, ranging from the suppliers to the purchasing teams and internal CSR teams. Examples of these plans can be found in the next pages.

More information on supplier ratings can be found in the Sustainability balance sheet (pages 291-293)

During the 2012 financial year, 3,513 audits were carried out on manufacturers and suppliers

The Group's ultimate objective is for all of its suppliers to be categorised as A or B

Continuous improvement of the reliability and quality of the social audits

Within the programme for continuous improvement carried out on all aspects related to sustainability, Inditex places special emphasis on social audits. Thus, during 2012, the Group perfected the visits paid to the production centres in order to provide a high-quality result with greater added value allowing both the suppliers and Inditex itself to function more effectively.

To this end, the Group relied on renowned organisations to train its CSR teams.

Inditex's Training Procedure for External Auditors

In 2012, a new procedure that affects the relationship between Inditex and its external auditors was introduced. Inditex took the initiative to create its own training process so that all external auditors would receive the same standard training thus ensuring an in-depth knowledge of the methodology employed during Inditex's social audits.

Thanks to this training process for external auditors, Inditex can guarantee the social audits carried out on its suppliers and manufacturers are conducted by professionals trained in the standardised processes the Group promotes.

This mechanism makes it possible to standardise the processes involved in social audits using Inditex's parameters in aspects as important as:

- Inditex's CSR strategy
- The compliance programme for the Code of Conduct for Manufacturers and Suppliers
- Inditex's Tested To Wear (TTW) methodology used in social audits
- Priorities in the areas of compliance
- How to correctly perform a TTW audit

During 2012, 113 external auditors were trained using the procedures carried out by Inditex's Department of Corporate Social Responsibility.

Collaboration with Verité

The Verité consultancy organised a variety of workshops specifically designed for the CSR teams with the aim of starting up the "Verité Systems Approach (VSA)".

The objective of these workshops was to enhance the skills of the auditing teams in aspects such as:

- A study of the existing systems and management procedures for suppliers and manufacturers
- An analysis of the relationship existing between the types of control carried out on manufacturers and compliance with Inditex's Code of Conduct for Manufacturers and Suppliers
- Encouraging interaction with and support for suppliers to help identify and integrate the necessary controls in their management systems to monitor compliance with the Code of Conduct for Manufacturers and Suppliers.
- Work in collaboration with strategic suppliers to develop self-monitoring tools to ensure compliance with the Code of Conduct for Manufacturers and Suppliers

Collaboration with Social Accountability International (SAI)

During 2012, Inditex's internal auditors were accredited by Social Accountability International (SAI) as SA8000 auditors. This standard is one of the certifications of reference in terms of fundamental labour rights and covers all industrial sectors. It is based on the Conventions of the International Labour Organisation (ILO), UN parameters as well as other national legislation. A specific course was given to impart practical knowledge on all aspects of social audits based on the SA8000 standard.

These aspects included:

- Advanced concepts related to the production line and social audits
- Analysis of the most common difficulties related to non-compliance and possible solutions
- Implementation of more effective auditing techniques
- Creation of methods to correctly detect areas within a factory or on supply chain with room for improvement

C. Continuous improvement

The Guiding Principles developed by the UN Framework to Protect, Respect and Remedy state that *"addressing adverse impacts (...) requires taking adequate measures for their prevention, mitigation and, where appropriate, remediation."*

Therefore, Inditex's commitment to continuous improvement places the priority on remediation plans within the company's CSR strategy.

Thus, the remediation plans drawn up by Inditex have a dual function: on the one hand, to establish measures directed at mitigating and/or remedying any breaches of the Code of Conduct for Manufacturers and Suppliers detected when conducting social audits and, on the other hand, to prevent these from reoccurring in the future.

In particular, during the 2012 financial year, the evolution of its Corrective Action Plans and Plan for the Prevention and Remediation of Work by Minors are both worth special mention.

Corrective Action Plans

All social audits set up a Corrective Action Plan in an attempt to address any breaches of the Code of Conduct for Manufacturers and Suppliers that were identified. During the 2012 financial year, Inditex strengthened its commitment to zero tolerance for those manufacturers that show no signs of improving critical aspects of the Code of Conduct, based on the premise of accompanying them throughout the improvement of their conditions.

The Corrective Action Plans, which can last anywhere from 6 to 24 months depending on the severity of the breaches identified during the social audits, are put into action once the supplier has undertaken to improve the social and labour conditions so that they are more in keeping with the standards included in Inditex's Code of Conduct for Manufacturers and Suppliers. During this time the supplier, manufacturer and Inditex's CSR team work together to set up systems and processes to carry out the necessary improvements. If the corrective plan is shown to have positive results, a follow-up audit will be carried out to certify these improvements. In the event of a critical breach of the Code, immediate corrective measures will be imposed.

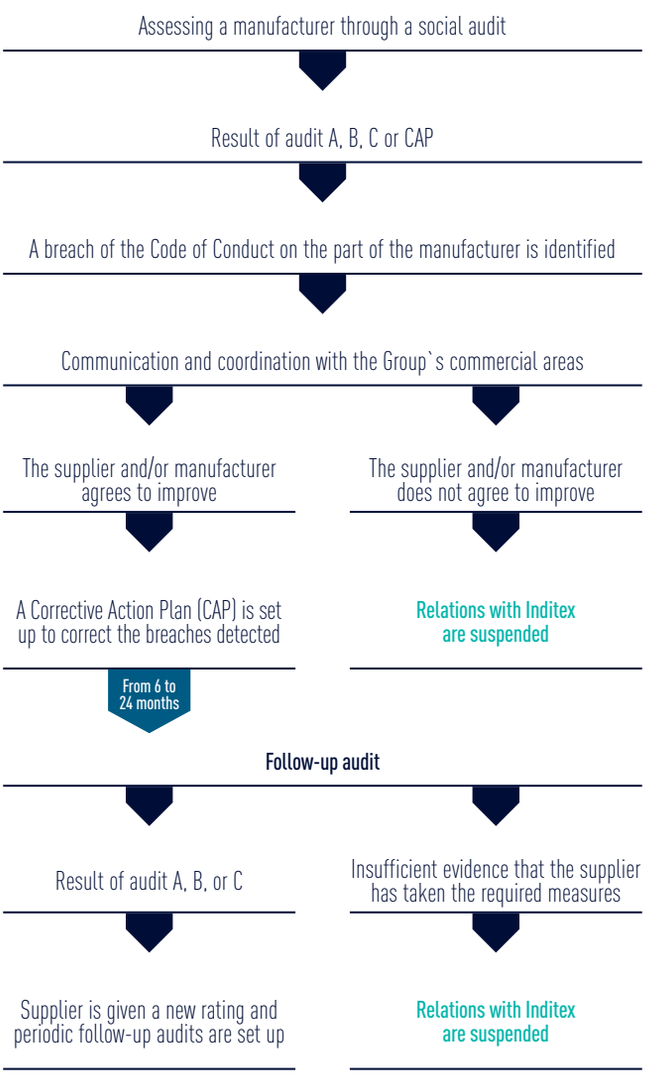
Those suppliers that decide not to undertake a Corrective Action Plan or those who do not manage to rectify the most serious breaches of the Code of Conduct once this has been carried out, will not be authorised to manufacture for any of the Inditex brands and are, therefore, dismissed from Inditex's supply chain.

Table of active suppliers on 31/01/2013

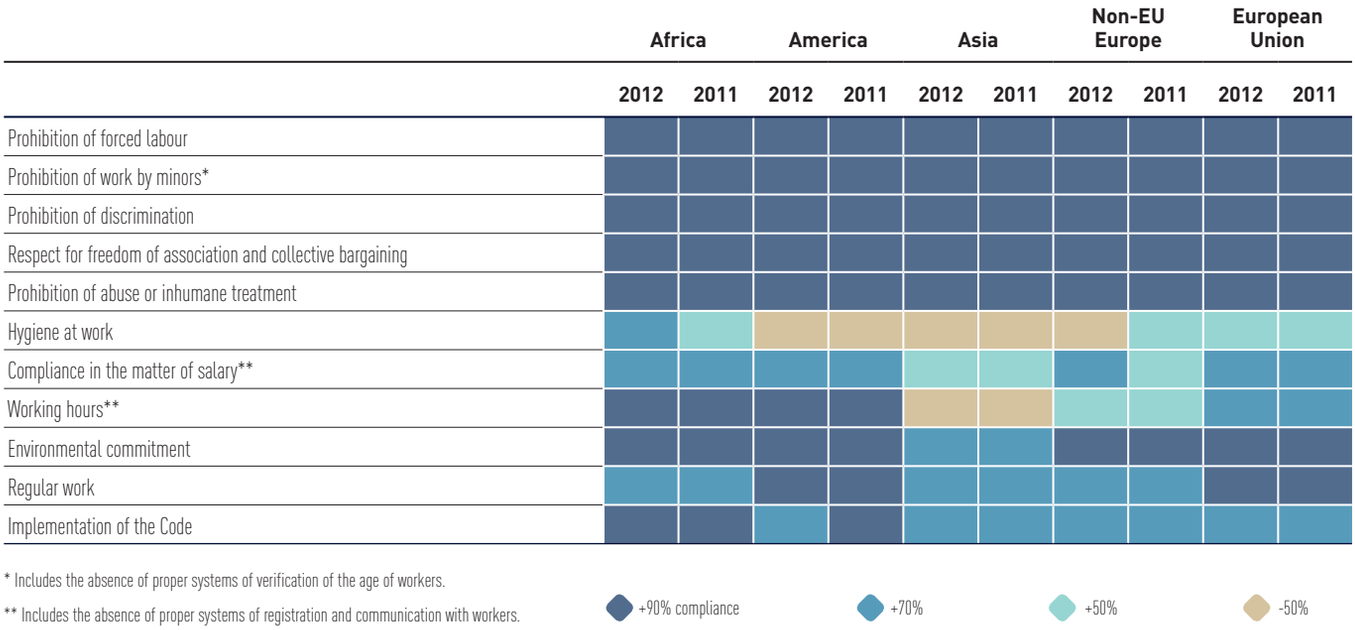
Geographical area	Suppliers with purchases in the 2012 financial year	Suppliers ruled out in 2012*	Active suppliers on 31/1/2013
Africa	112	2	110
America	68	1	67
Asia.	672	55	617
Non-EU Europe	136	5	131
European Union	446	23	423
Total	**1,434**	**86**	**1,348**

* Suppliers discarded for breaches of the Inditex Code of Conduct or commercial reasons

Corrective Action Plan



Percentage of compliance with the Code of Conduct in the factories and workshops associated with active suppliers in 2012



* Includes the absence of proper systems of verification of the age of workers.

** Includes the absence of proper systems of registration and communication with workers.

Project "D"

As mentioned earlier, in the 2012 Annual Report Inditex has replaced the former "D" rating with the new "CAP" (Corrective Action Plan) in a process that goes far beyond a mere change in terminology. Based on the continuous work carried out with the Corrective Action Plans, during 2012 Inditex set up an ambitious plan to improve the factories that received a "D" rating, regardless of whether they had produced that year or not. Inditex believes that the best way to improve a factory is to support it during the process at all times, leaving the possibility of suspending the relationship as a last resort.

The programme consists of the following phases:

a) Identifying the factories

Inditex's CSR team identified 471 factories around the world with important aspects that needed improvement. Although all of these had received orders at some stage from Inditex, only some of them had worked for the Group in 2012.

b) Continuity assessment

The suppliers, Inditex purchasing teams and both local and corporate CSR teams assessed the continuity of production within the factories identified, taking into account at all times their degree of dependence as well as their and attitude to improve.

c) Drafting an improvement plan

Local CSR teams drew up specific improvement plans in each country in an attempt to resolve the incidents detected. These plans were accompanied by visits to the manufacturers' facilities where both the suppliers and the local CSR teams collaborated in carrying out the work.

d) Assessing the result

The improvement plans carried out were validated through an assessment that identified those factories that had adopted the plans and those that had not. The former were once again made available to the purchasing teams to be assigned new orders in the future whereas the latter were suspended from Inditex´s purchase order management systems. Thus, 70% of the factories that began the process improved and were considered suitable for continuing their relationship with Inditex.

Programme for improving factories (Project "D")

Geographical area	Factories that initiated the improvement process	Factories that showed improvements	Success rate
Africa	38	27	71%
America	3	3	100%
Asia	257	193	75%
Non-EU Europe	133	77	58%
European Union	40	32	80%
Total	**471**	**332**	**70%**

Plan for the Prevention and Remediation of Work by Minors

Inditex is firmly committed to protecting the Fundamental Labour Rights included in the Code of Conduct for Manufacturers and Suppliers. Thus, it pays special attention to guaranteeing and protecting the rights of minors in all the communities in which it works and is especially dedicated to promoting their right to education.

The Code of Conduct stipulates that: *"Manufacturers and suppliers shall not employ minors. Inditex defines minors as those persons who have not yet reached their 16th birthday. In cases where local legislation stipulates a higher minimum age, the higher limit shall apply"*

Inditex has zero tolerance for work by minors and has undertaken not to enter into a commercial relationship with suppliers that use any type of young workers in circumstances that may be harmful to them. At the same time, Inditex supports the implementation of remediation plans that guarantee the fundamental rights of minors.

Inditex´s policy for the prevention and remediation of work by minors is in keeping with the following pertinent international standards:

- The Base Code of the Ethical Trading Initiative
- The Global Compact Principles
- The Framework Agreement between IndustriALL and Inditex
- Conventions (138,182,190) of the International Labour Organisation (ILO)
- The Guiding Principles for Business and Human Rights of the UN Framework to Protect, Respect and Remedy

The policy, and plan behind it, seek to protect and guarantee the rights of minors, above all their right to education, without jeopardising the family's financial situation. Therefore, in the event a case of minors labour is detected, the supplier is responsible for guaranteeing the minor's education and must undertake to pay the costs of this until the minor reaches the legal age of employment. At this point, the worker will be offered the opportunity to return to their previous position of employment should they so desire. During the time the minor is covered by the Remediation Plan, the supplier is obliged to pay the minor's salary to their family or hire another family member of legal age. Furthermore, the factory and the supplier must implement measures to prevent further cases of work by minors in an effort to eradicate these practices.

This entire process, handled and adapted on a case-by-case basis, is carried out under the supervision of local CSR teams and, where appropriate, local non-governmental organisations and other specialised bodies. To this end, during the 2012 financial year, Inditex collaborated with organisations such as the Association for the Support of Contemporary Living (CYDD for its acronym in Turkish) in Turkey and the Awaj Foundation in Bangladesh.

Effective Fire-Prevention Programme for suppliers' installations

Throughout 2012, Inditex, along with a number of stakeholders, worked to create a practical worldwide fire-prevention programme for the textile industry. This is undoubtedly the reality that the industry as a whole must address if it is to achieve tangible changes and reduce the numbers of accidents caused by factory fires in the textile sector.

Inditex believes the main players present in the industry, such as international brands, IndustriALL (the federation of international unions), national governments, multi-sectoral organisations and NGOs, must work together on this issue to achieve effective results.

Bangladesh has already seen some encouraging steps in this regard, for example, the signing of the National Tripartite Plan of Action on Fire Safety promoted by the Government of the country itself, the Bangladesh Garments Manufacturers and Exporters Association (BGMEA) and local trade unions organisations. On an international level, IndustriALL, with the support of Inditex, is acting as a catalyst for change in this respect. It has coordinated and organised the vast majority of international brand names to move forward during 2013 in order to reach an agreement that will bring about significant changes to the safety conditions in factories and workshops.

What's more, the Ethical Trading Initiative (ETI), of which Inditex is an active member, enabled several meetings with IndustriALL and a large number of brands as part of its efforts to promote coordinated commitments in this regard.

Likewise, in January 2012 Inditex, along with another 23 large companies in the textile sector, signed a letter addressed to the Prime Minister of Bangladesh calling attention to the individual efforts made by the brands in this regard and stressing the need to combine these with a robust political commitment that would make it possible to transform the reality of the factories in this country.

Finally, in 2013, more than 30 international companies along with IndustriALL and other organisations involved in fair development in Bangladesh, such as the Clean Clothes Campaign, signed a protocol for action known as the Accord on Fire and Building Safety in Bangladesh that, based on the National Tripartite Agreement, seeks to involve and bind international brands in the attempt to truly and effectively create safety conditions in the factories of this country.

www.inditex.com

2. Master Plan for Water Management in the Supply Chain

OBJECTIVE	To ensure water is correctly managed along the supply chain in order to reach "zero discharge" by 2020		
OPPORTUNITY	Improve product sustainability by working with our suppliers and the industry itself to construct the technical capability necessary to reach "zero discharge" by 2020		
TYPES OF CAPITAL	Natural	Manufactured	Intellectual
MATERIALITY MATRIX	Materials used	Dialogue and commitment with stakeholders	Water
	Energy	Climate change	Discharge
	Green Design	Environmental Management	Waste
	Emissions		

Inditex's commitment to sustainable development, environmental protection and protection of natural resources remains one of the company's core values. Within the framework of the strategic plan, Sustainable Inditex 2011-2015, steps have been taken to integrate sustainability into the Group's supply chain to an even greater extent. These steps are outlined in the Global Water Management Strategy which includes the Group's commitment to reach "zero discharge", in 2020, an initiative that is promoted by Greenpeace and is based on the acceptance of coherent global commitments, such as the U.N. CEO Water Mandate.

Global Water Management Strategy

Water is one of the most valuable resources for life on Earth. Inditex is aware of its fundamental importance as part of our ecosystems. Inditex's environmental policy and, more specifically its Water Strategy, stipulates the guidelines marked by the Group to promote sustainable water management in its activities.

The Water Strategy includes the Water Master Plan for Water Management in the Supply Chain which is used to guide the efforts of Inditex and its suppliers in the sustainable use of this vital resource. One of the elements Inditex considers fundamental in the work carried out in tandem with its suppliers is the commitment to Zero Discharge of Hazardous Chemicals (ZDHC). Inditex is a member of the group that promotes this commitment (Join Roadmap to ZDHC).

Inditex, along other leading brand names and distributors in the fashion industry, is working to achieve "zero discharge" of hazardous substances by 2020. The Group recognises that this commitment goes far beyond the current international legislation and, therefore, requires collaborative efforts if we are to bring about a systemic change that will lead towards a cleaner industry.

Guide for the Use of Chemicals in Production Processes to achieve Zero Discharge

Inditex's commitment regarding the use of chemical substances in the manufacture of its products is included in the Guidelines governing the use of chemical substances in Inditex's production processes, that establishes retrictions and prohibitions in the use of these substances, which are binding for all suppliers, guaranteeing strict compliance with the most exacting standards and with the limits established by the international legislation in effect. To guarantee compliance with "zero discharge" on Inditex's supply chain, the Group carries out audits, corrective action plans and training sessions on the production processes as well as continual checks on the products it sells.

The main objective of the Guidelines for the use of chemical substances in Inditex's production processes is to ensure that chemical products are correctly managed and controlled along the entire supply chain and thus achieve "zero discharge" by 2020.

The Guidelines for the use of chemical substances in Inditex's productive processes is based on the following principles which are to be enforced by both manufacturers and suppliers:

1. Appropriate management of chemicals in the manufacturing process. All chemical products must be handled, moved, stored, recycled or reused, and eliminated in the proper fashion. The containers used to hold chemical products must be correctly labelled and the chemical safety cards for each product must be available.

2. The Restricted Substances List (RSL) in Products. Inditex regulates the use of chemical substances that may appear in a product through its Clear to Wear standard.

3. Manufacturing Restricted Substances List (MRSL). In addition to regulating the substances mentioned in Clear to Wear, Inditex forbids its manufacturers and suppliers from using alkyphenols, among other substances, when manufacturing its products.

4. Promoting Green Chemistry. There are numerous alternatives to the substances included in the RSL and the MRSL. Suppliers and manufacturers shall ensure alternatives that are free from substances restricted by Inditex are used in all their processes.

5. Correct water management. Manufacturers and suppliers shall supervise the consumption of water employed in its operations in order to optimise use. Waste water shall be properly treated and controlled before disposal.

Capacity building to achieve "zero discharge"

In keeping with its commitment towards achieving "zero discharge" by 2020, and in the framework of the Green Code project, Inditex has set up a project to assess and advise the supply chain as regards the use of chemical substances. Thanks to this project it is possible to work closely with suppliers and factories to guarantee compliance with Inditex's Chemical Substances Guide. The project is expected to include 100 Inditex suppliers, 40 of which are in China and the rest in a number of other countries, such as India and Bangladesh.

The technical training project for Inditex's supply chain in order to achieve "zero discharge" has three separate phases:

1. This phase deals with informing the suppliers, studying their supply chains and assessing their degree of knowledge and the extent to which Inditex's chemical substances guide is applied.

2. This phase includes an exhaustive investigation of the chemical compounds found in the water entering and leaving the installation. 11 priority groups of chemicals are analysed.

3. This phase addresses technical training and improved performance in terms of chemical and water management.

The project´s methodology and results are available to the public on a web platform prepared for this purpose.

www.wateractionplan.com

Use of sustainable fibres

Over the past year, considerable resources were allocated to integrate sustainability criteria into the cultivation of raw materials and to encourage the use of sustainable fibres. Several brands have 100% organic cotton lines and collections, in keeping with the OE100 standard and certification which guarantees product integrity. In 2012, Zara introduced over 4.2 million articles made with 100% organic cotton onto the market. Part of their success lies with the activities carried out in-house to raise awareness and the specific workshops organised for design and purchasing personnel.

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3. Greater commitment towards our suppliers

OBJECTIVE	Create and maintain mechanisms of close and direct cooperation with our suppliers		
OPPORTUNITY	Involve different stakeholders in the creation of platforms and programmes directed at the textile industry		
TYPES OF CAPITAL INVOLVED	Social and Relationship	Natural	Human
MATERIALITY MATRIX	Human Rights	Health and safety in the workplace	Environmental Management
	Integrity in the supply chain	Development of local community	Strategy for emerging markets
	Dialogue and commitment with stakeholders		

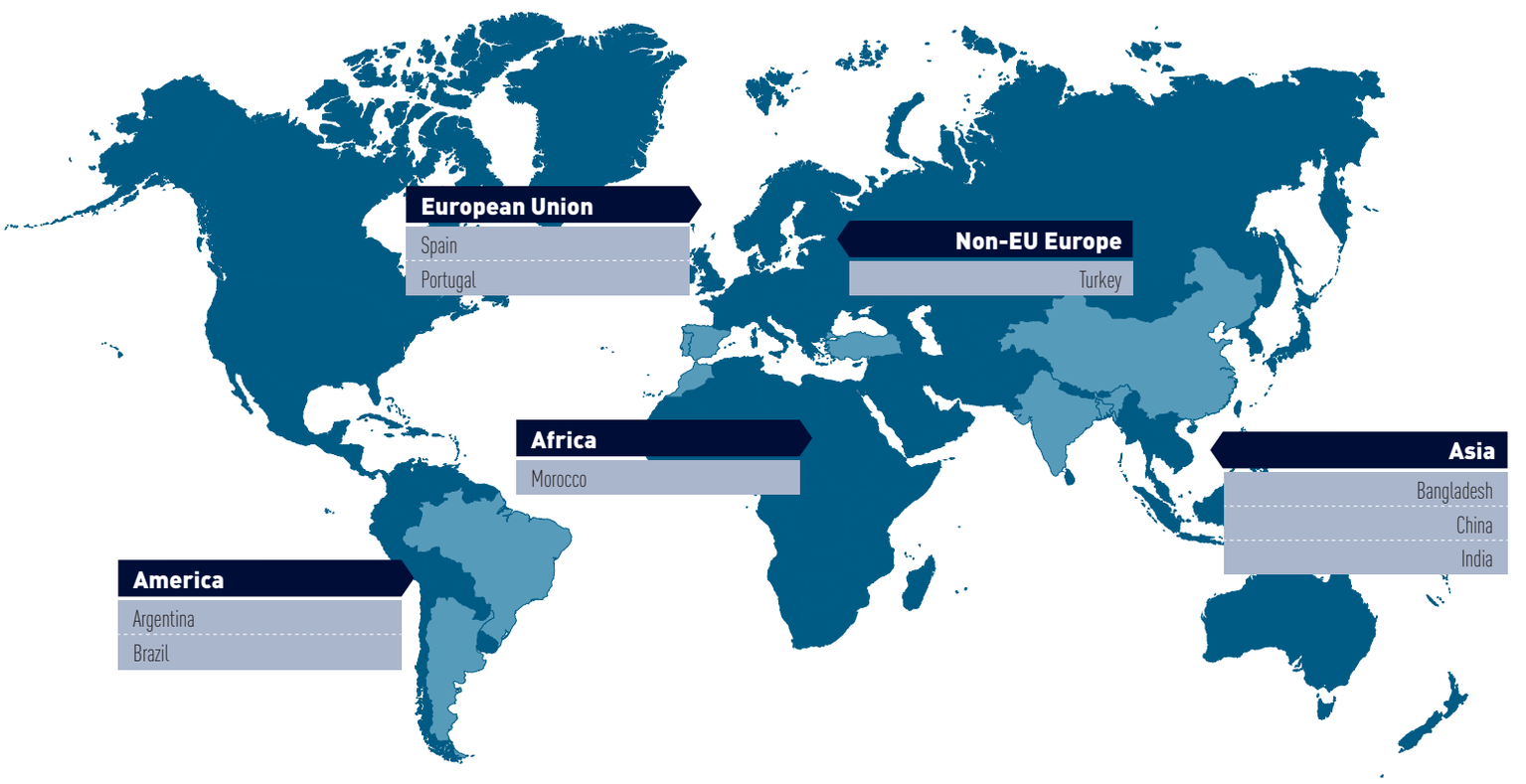
Clusters of suppliers are defined as spaces of cooperation that share the common objective of promoting a sustainable supply chain in a specific geographical area. These are a strategic tool for strengthening Inditex's supply chain.

Setting up and consolidating these dialogue platforms with a variety of different stakeholders has a two-fold mission; firstly, to standardise the implementation of Inditex's policies and business model on its supply chain, and, secondly, to adapt this implementation to better suit the needs and reality of each of the regions in which the suppliers are present.

Hence, Inditex manages its supply chain through clusters of suppliers in Spain, Portugal, Morocco, Turkey, India, Bangladesh, China, Brazil and Argentina, countries that represent 87% of Inditex's total production.

Each of these clusters is made up of suppliers, manufacturers, trade unions, business associations, international purchasers and local Inditex's CSR teams, among others, which work together exchanging good practices that will have a positive impact for the players involved and for the community as a whole.

Cluster Map



Since first set up, the activities of the clusters have aimed to respond to the challenges a global supply chain entails. Thus, based on the global philosophy of sustainable management on Inditex's supply chain, the clusters have developed formal procedures and management systems that better suit the geographical area they represent.

Below is a brief summary of the main activities carried out in each cluster during 2012.

SPAIN

Inditex has its origins in Spain, which is why it collaborates so closely with stakeholders in this country. The cluster in Spain lends momentum to the company's interaction with the range of players involved in the supply chain in a country that lies so close to its heart.

Apart from the constant supervision and support for compliance with the Code of Conduct for Manufacturers and Suppliers carried out by Inditex's commercial and CSR teams, during 2012 a specific programme was set up for verification and traceability of production that will gradually be extended to the other clusters in 2013.

The following activities carried out by the Spanish cluster in 2012 are also worth highlighting:

- 45 social audits
- 4 competence visits directed at ensuring compliance with the Code of Conduct for Manufacturers and Suppliers
- CSR training imparted to suppliers, manufacturers and purchasing teams as well as to other departments

PORTUGAL

The Portuguese cluster promotes constant dialogue with Inditex's suppliers in this country in an effort to strengthen its supply chain and improve the labour conditions of the employees by these suppliers. Thus, in 2012, Inditex continued to collaborate with its strategic partners in this country, –employers' organisations, trade unions, civil society (universities)– in a wide variety of projects.

As far as trade union relations are concerned, Inditex held meetings to prepare for the implementation of the union participation protocol that in order to strengthen the Framework Agreement Inditex maintains with IndustriALL, which will be more extensively developed in 2013.

In addtion, in 2012 Inditex collaborated with the Catholic University of Portugal (Oporto) to identify and train social auditors.

As regards the compliance programme, the following activities were carried out during the year:

- 28 pre-assessment visits to factories
- 35 competence visits to factories directed at ensuring compliance with the Code of Conduct for Manufacturers and Suppliers
- Seven auditors were trained in the Inditex's social audit methodology

MOROCCO

The Moroccan cluster continues to cooperate with the main players within the textile industry in this country. Likewise, within the framework of the Agreement with IndustriALL, in 2012 Inditex accentuated its collaboration with international and local trade union representatives, as well as with several manufacturers in order to conduct training programmes for the factories in this country and to improve the labour conditions of the workers.

In order to ensure sustainability and compliance with the Code along the supply chain as well as to guarantee traceability of production in Morocco, the following activities were carried out in 2012:

- 52 pre-assessment visits to new factories
- 151 competence visits to factories directed at ensuring compliance with the Code of Conduct for Manufacturers and Suppliers
- More than 50 individual meetings with manufacturers and suppliers

TURKEY

Worker representation was the focal point of the work carried out by Turkish cluster in 2012. Both projects materialized in the developement of two projects in collaboration with IndustriALL and the Association for the Support of Contemporary Living (CYDD).

Inditex and IndustriALL drew up a guide to help workers freely choose their representatives and also held a series of training sessions on labour rights. The collaboration with CYDD, was designed to develop and implement the Minors Labour Prevention and Remediation Plan.

The cluster, along with other relevant players in the sector, also participated in the Joint Turkey Programme, which aimed to improve the labour conditions of clothing industry workers within the country.

Concerning the compliance programme, in 2012 the following actions are worth mentioning:

- Seven auditors were trained in Inditex's social audit methodology
- 59 individual meetings with suppliers
- 133 competence visits to factories directed at ensuring compliance with the Code of Conduct for Manufacturers and Suppliers

CHINA

Joining the China Corporate Caucus of the Ethical Trading Initiative in 2012 made it possible to exchange good practices and identify common interests and collective priorities shared with other international companies and organisations present in China in a common effort to strengthen its textile sector.

Furthermore, in 2012, the cluster, along with Inditex's Department of Environment, coordinated the Zero Discharge programme. The activities carried out included organising training sessions for 6 suppliers and 10 factories as well as supporting the collection of samples.

Directly working and cooperating with the suppliers and manufacturers is the cornerstone of the cluster in China. The following is worth mentioning as far as 2012 is concerned:

- 214 individual meetings with suppliers and factories to ensure compliance with the Code of Conduct for Manufacturers and Suppliers
- Training carried out for 165 factories and suppliers regarding fundamental labour standards
- 164 competence visits to factories directed at ensuring compliance with the Code of Conduct for Manufacturers and Suppliers

INDIA

Among the different projects set up by the cluster in India in 2012 in an effort to strengthen Inditex's supply chain in the region, special mention should be given to its participation, as a founding member, in the Tirupur Stakeholder Forum. This Forum brings together trade unions, manufacturers and companies and develops programmes that aim to improve labour and recruitment conditions in the south of India, paying special attention to policies to eradicate the *sumangali* scheme in the spinning factories in this region. More information about the struggle against the *sumangali* scheme can be found at www.inditex.com.

Moreover, thanks to its active participation in the National Home Working Group of the Ethical Trading Initiative (ETI), suppliers were trained in suppply chain sustainability and, above all, in good practices regarding the labour conditions of hand embroiderers.

The most important actions carried out in 2012 are as follows:

- Developing programmes to guarantee the methods used to pay the workers' salaries
- 622 factories were visited to ensure traceability along the suppply chain, continuing to work towards the objectives stipulated in the Vidya Project. More information about the Vidya Project can be found at www.inditex.com.
- 25 training sessions for 87 suppliers
- 410 competence visits to factories directed at ensuring compliance with the Code of Conduct for Manufacturers and Suppliers
- 158 individual meetings with suppliers
- CSR training given to local purchasing team

BANGLADESH

Worker health and safety remained a priority for the cluster in Bangladesh. In particular, activities directed at fire prevention were intensified this year and the cluster actively participated in several platforms, such as the Buyers Forum Bangladesh and ILO/ BETTER WORK, local trade unions and the Bangladesh Garments Manufacturers and Exporters Association (BGMEA) with the aim of standardising criteria in an effort to work together to improve safety conditions within the factories and ensure the rights of workers in Bangladesh.

Among the activities carried out in 2012, the following are worth special mention:

- 55 factories were given special training and received specific fire-prevention documentation
- 48 individual meetings with suppliers and factories
- 44 competence visits to factories directed at ensuring compliance with the Code of Conduct for Manufacturers and Suppliers
- 32 external auditors were trained in Inditex's social audit methodology when conducting social audits
- Verification of water potability in more than 90 factories

The cluster also participated in setting up and equipping a laboratory in Bangladesh, as a result of an agreement between Inditex and the Bangladesh Garments Manufacturers and Exporters Association (BGMEA) to work together to develop a product health and safety system for the textile sector in Bangladesh.

BRAZIL

In 2011 Inditex signed an agreement with the Brazilian Public Ministry of Employment and the Ministry of Work and Employment to improve the social and labour conditions along the supply chain of Zara Brazil and in 2012 progress was made on the three lines of action established by the strategy developed as a result of said agreement. The following are the most noteworthy:

- Control of the Zara supply chain in Brazil, in collaboration with Uniethos

  Analysis and diagnosis of Zara Brazil's supply chain which will act as the foundation for the second part of the work which aims to strengthen the activities carried out in the sewing workshops, focusing on small-company management and helping train qualified workers for the garment industry.

- Improving the labour conditions within the sector in collaboration with the CAMI

  The Centre for Support for Migrants (CAMI) carried out training activities in 500 workshops in order to encourage the dissemination and improvement of the rights, duties and obligations of the workshop owners and workers.

- Supporting the social integration of migrants in collaboration with the CDHIC

  Missão Paz and the Centro de Direitos Humanos e Cidadania do Imigrante (Peace Mission and the Centre for the Human Rights and Citizenship of Immigrants) trained approximately 3,000 workers, all in vulnerable situations, to ensure they could have access to the official labour market.

Furthermore, the cluster in Brazil also carried out:

- 25 competence visits to factories directed at ensuring compliance with the Code of Conduct for Manufacturers and Suppliers
- 3 training seminars regarding fundamental labour standards to 57 suppliers
- 365 social audits

ARGENTINA

The cluster in Argentina was the last to be set up. Although not actually consolidated until 2012, Inditex has been especially active in terms of CSR activities in this country since 2011.

Thus, during this year, the following activities were carried out:

- 23 social audits
- 88 special audits
- 110 Corrective Action Plans by local auditors
- CSR training given to local purchasing team

More information about the clusters can be found in the Sustainability Balance Sheet (page 294)

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4. Framework Agreement with IndustriALL

OBJECTIVE	Protect the Fundamental Labour Rights of the workers that form part of the supply chain	
OPPORTUNITY	Establish joint global lines of action to be implemented locally	
TYPES OF CAPITAL	Social and Relationship	Human
MATERIALITY MATRIX	Human Rights	Dialogue and commitment with stakeholders
	Integrity in the supply chain	Health and safety in the workplace

Inditex maintained and broadened the International Framework Agreement signed in October 2007 and later incorporated this into the new international federation, IndustriALL with the hopes of further integrating the joint decision-making process in CSR matters it shares with the trade union.

Inditex formally acknowledges the vital role played by trade union associations when supervising compliance with the Code of Conduct for Manufacturers and Suppliers, due to their close proximity to the supply chain. As an example of this, on May 4, 2012 Inditex and IndustriALL signed the "Protocol to specify the role of trade unions in the enforcement of the International Framework Agreement within Inditex's supply chain".

The following commitments are considered the most important elements of the protocol:

- The right of both local and national trade unions, as well as IndustriALL's structures, to:
  - be familiar with Inditex's entire production line
  - have access to the work centres of the suppliers
  - be familiar with and participate in the compliance programme of the Code of Conduct for Manufacturers and Suppliers
  - propose the necessary measures to correct any breaches detected
  - be familiar with and participate in the corrective action plans in the event a breach is detected
- IndustriALL assumed the responsibility for administrating these rights and for processing the resulting information, underlining its functions in terms of managing and coordinating trade union practice
- Development of training plans directed at both workers and management as regards:
  - the scope of the Framework Agreement
  - Fundamental Labour Rights (chiefly, freedom of association and the right to collective bargaining)
  - Work organisation

The new IndustriALL federation

In 2012, the following federations merged:

- The International Textile, Garment and Leather Workers' Federation (ITGLWF)
- International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM)
- International Metalworkers Federation (IMF)

As a result of this merger, a unified international trade union that represents over 50 million workers in 140 countries worldwide was created.

As part of this protocol a variety of activities were carried out in concert with IndustriALL, as well as with other federated trade union organisations in 2012:

- Project for training workers and management in collaboration with IndustriALL

Continuing with the implementation of the operational protocol of the Framework Agreement, in August and September 2012 Inditex and IndustriALL agreed to draft the basis for implementing a pilot training project for the workers and managers of five suppliers in Turkey. To do so, a process was developed, with the help of local trade unions, which allowed the people working for these suppliers to freely choose 18 representatives to participate in a training course on workers' rights, competitiveness, sustainability and CSR.

Capitalising fully on this process, a "Guide to freely choose worker representatives" was drawn up. The aim of this guide, created jointly with IndustriALL, is to formalise a standardised process by which the workers in all clusters can freely choose their representatives, in line with the criteria indicated in the ILO conventions.

- Trade union approach to labour and industrial conditions in the textile sector in Morocco

In December 2012 and January 2013, Inditex CSR representatives and IndustriALL representatives paid several visits to Morocco in order to learn the opinion of the trade unions as regards the labour and industrial situation in the Moroccan clothing sector.

Most importantly, five visits were carried out in factories where it was possible to interview the management, visit the installations as well as interview employees and worker representatives.

After the first steps taken in this direction, a training process is expected to be set up for worker representatives and business managers following the example carried out in other geographical areas.

- Factory fire in Smart Fashion (Bangladesh)

On January 26, 2013 a fire broke out in the Smart Fashion factory located in Dhaka, Bangladesh leaving eight dead and 19 injured, as well as another 250 unemployed. Some garments made for Inditex were found on site and these had been forwarded without the Group's knowledge or permission . The supplier in charge of manufacturing the articles had decided to transfer production to another factory and failed to inform Inditex of this decision beforehand.

Once Inditex became aware of the incident, the Company ordered an internal investigation be carried out by its CSR teams in the cluster in Bangladesh and IndustriALL. A plan of action was drawn up jointly in order to obtain all the information related to the tragedy and, above all, to the people affected.

Likewise, the CSR team remained in permanent contact with the NGOs that provided urgent medical care to the wounded during the hours immediately after the incident. From the very first, Inditex bore the hospital costs derived from assisting the wounded.

Compensation for the victims was agreed upon by all parties involved, including the third-sector organisations that were promptly informed and were also thanked for the support given in the initial hours after the accident.

Three weeks after the fire, Jyrki Raina, the Secretary-General of IndustriALL, travelled to Bangladesh along with members of Inditex's CSR Department. The visit was organised in order to pay 100% of the agreed compensation to the workers and their families in an act attended by Sheikh Hashina, Prime Minister of Bangladesh. Hence, thanks to the swift cooperation of all parties involved, compensation was handed over less than 30 days after the incident.

On the other hand, as a result of the fire, and after assessing the corresponding evidence, Inditex immediately cancelled its relationship with the supplier in question and with the only factory that had been authorised to carry out this production, as it had outsourced the order from Inditex to Smart Fashion without the Group's authorisation.

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RESPONSIBILITY TOWARDS THE PRODUCT AND THE CLIENT

Inditex understands its activity to be an exercise in responsibility throughout its entire business model. Thus, this commitment is reflected in both the products it markets and in the stores themselves, the Group's most important communication tool with the end users of its products, its customers. The former must comply with the Clear to Wear (health) and Safe to Wear (safety) standards, which meet the most exacting worldwide requirements in this regard. The stores, on the other hand, are the focal point of a sustainable development policy based on eco-efficiency.

1. Exhaustive control of our products

OBJECTIVE	To offer our customers a standard of excellence in all products marketed by Inditex	
OPPORTUNITY	To develop an innovative and proactive strategy in terms of product health and safety	
TYPES OF CAPITAL INVOLVED	Manufactured	Intellectual
MATERIALITY MATRIX	R+D	Green Design
	Product safety	Dialogue and commitment with stakeholders

The core of Inditex's commitment to social responsibility towards its customers is to offer a standard of excellence in all the products it markets, guaranteeing that these entail no health or safety risks. Over the last ten years, Inditex has designed and implemented a strategy of its own to ensure this objective is met and this strategy has three main characteristics:

- Global: it covers the processes involved in the manufacture of the clothing, footwear and accessories marketed.
- Customised: adapted to meet the specific characteristics of Inditex's supply, distribution and sales chains and the needs and requirements of customers.
- Continuous enhancement: improving each process separately and as a whole.

The strategies and actions that form part of this commitment, drawn up by Inditex's CSR Department in collaboration with the University of Santiago de Compostela, are reflected in its own standards regarding product health and safety, Clear to Wear and Safe to Wear, which incorporate the most demanding regulations in the subject to be found anywhere in the world.

CLEAR TO WEAR

Clear to Wear (CTW)

This is Inditex's product health standard and it is applicable and obligatory for all clothing products, footwear, accessories, fabrics and complements. The aim of this is to eliminate or regulate the use of substances of legally limited use.

SAFE TO WEAR

Safe to Wear (STW)

This is Inditex's product safety standard and it is applicable and obligatory for all products. It was drawn up in accordance with the strictest legislation and is kept up-to-date. Safe to Wear is designed to guarantee the safety of all articles marketed by Inditex.

Moreover, the implementation and monitoring programmes to supervise compliance with the Clear to Wear and Safe to Wear standards throughout Inditex's entire supply chain employ tools based on cooperation, dialogue, training, innovation and updating, all part of a thoroughly proactive strategy.

Inditex sets up channels of cooperation with:

- Business associations, suppliers, manufacturers and auxiliary firms to ensure these share the responsibility of producing items that are both safe and healthy
- Universities and research bodies to introduce improvements into the methods used on the production and analysis of the products and into the technological training of its own employees and external personnel
- External supervisors to optimise the test and control procedures conducted to ensure product health and safety
- Other textile companies, technology providers as well as regulating and monitoring bodies to join forces. Inditex participates as an active member in the most important world forums where leading companies of the sectors can exchange experiences regarding matters of health and safety as well as in international expert groups that advise the regulating bodies: American Apparel & Footwear Association (AAFA), European Committee for Standardisation (CEN), the Spanish Association for Quality (AEC in Spanish) and the Spanish Group for Standardisation of Safe Textiles (part of the Spanish Association for Standardisation and Certification - AENOR)

In addition, Inditex is immersed in an active dialogue with its suppliers and manufacturers to ensure proper compliance with the limits established in the standards and to replace those processes that are incompatible with the Clear to Wear and Safe to Wear provisions.

At the same time, the Group develops training plans for internal and external agents in all aspects related to the Clear to Wear and Safe to Wear standards: a safe product begins with responsible design and ends with proper marketing procedures. The aim of these plans is to avoid gaps in scientific or technical knowledge and in the transfer of information in the supply chain.

On the other hand, Inditex innovates in an effort to develop and implement new manufacturing, analysis and control procedures that are quicker, more rigorous and more sensitive when detecting substances regulated in Clear to Wear. At the same time the standards are updated to include legal modifications or new regulations that have a bearing on the matters of health and safety in textile products.

Initiatives for the implementation of Clear to Wear and Safe to Wear standards

The Clear To Wear and Safe To Wear standards are constantly being reviewed to ensure they are kept up-to-date. In this way it is possible to broaden their scope, perfect methods of analysis and create support tools for suppliers to help them comply with the standard. Furthermore, in an effort to guarantee the implementation of Clear To Wear, programmes have been developed to disseminate its contents and regulations – which are binding – among all Inditex suppliers, and to improve the monitoring protocols in order to ensure all products meet this Inditex standard. With this objective in mind, a network of laboratories was set up to analyse the products manufactured for the Group as determined by the procedures designed specifically for its production line. In addition, technical support programmes have been implemented for suppliers to help them comply with the standards.

Years of experience have made it possible to detect specific areas of action that involve the whole supply chain, including the suppliers of auxiliary products.

Specific programmes

Supplier technical training and guidance programme

Inditex's CSR Department, in collaboration with leading scientific and technological institutions and companies, has created a training and technological support programme for all players involved in the supply chain. The actions carried out were tailor-made to suit each specific objective and each Group involved.

Work groups including suppliers and manufacturers were set up to deal with specific aspects of Clear to Wear and Safe to Wear and these groups were adapted to meet the geographical, technological, environmental and cultural characteristics of the regional production clusters.

Number attending the technical training and guidance programmes for suppliers

	2011	2012
Meetings	12	32
Number attending	358	514

The CSR Department created panels of experts in matters of product health and safety in all the brands within the Inditex group with the following objectives:

- Give continuous training to the commercial and design teams of each brand in all matters related to product health and safety
- Provide *on-site* technical assistance in the day-to-day operation of the commercial and design teams
- Reduce the amount of time needed to detect any possible breaches and provide solutions or technical assistance tailored to suit the specific types of product on each brand

Decentralise the analysis and test management process that determine compliance with standards to improve the efficiency and effectiveness of the Clear to Wear and Safe to Wear monitoring system

Internal CSR teams specialised in product health and safety

	2011	2012
Peronnel in the internal teams	30	43

Specific product health and safety training programmes were designed and developed for Inditex personnel so that they could identify potential areas for improvement in the design and manufacturing processes at the earliest possible stage on desing and production.

Training to internal teams in product health and safety

	2011	2012
Courses	17	39
Number attending	678	603

Guidelines and Implementation Toolkits for Suppliers were drawn up to provide technical guidance to external suppliers in specific aspects related to compliance with the Clear to Wear and Safe to Wear standards.

These manuals are the result of technological innovation activities aimed at solving specific problems affecting quality that were carried out in collaboration with leading companies in the clothing, dry cleaning, chemical products sector, among others. The procedures developed provide technological alternatives to the methods used up to now.

Monitoring programme for compliance with standards

In collaboration with external analytical service and test providers and the University of Santiago de Compostela, two analytical centres of reference were set up making it possible to increase the capacity to monitor compliance of the Clear to Wear and Safe to Wear standards by more than 400% and reduce analysis times by 30% in the last two financial years.

A pilot programme (Picking Project) was designed and implemented to control garments during the production phase so as to detect any possible breach that may affect product health at the earliest possible stage on the manufacturing process. The project involves making technical inspection visits to factories while the articles are being manufactured, randomly selecting a representative number of finished items before the manufacturing process has finished and then carrying out tests and analyses of the clothing to ensure they meet the Clear to Wear provisions.

During 2012, 34,921 inspection visits were paid to factories and more than 1.4 million tests and support analyses were carried out as part of this programme. The number of external supervisors increased by 79%.

To strengthen the compliance of external suppliers with the Clear to Wear standard and provide technological guidance as regards good textile and leather manufacturing practices, technical assistance visits (TAVs) were carried out.

The TAV programme was developed in collaboration with international companies with many years experience with good textile and leather manufacturing practices.

The objectives of the TAV programme are:

- Raise awareness throughout the entire supply chain regarding product health and safety.
- Transform, improve and consolidate the supply chains of Inditex's direct suppliers
- Instruct the supply chain on good textile and leather manufacturing practices.
- Design corrective actions that will make it possible to increase the added value of the products provided by each supplier individually

The process involved in the technical assistance visits includes visiting the installations of the direct supplier and all their manufacturing centres. During these visits an exhaustive assessment is made of the machinery available, the chemical substances used and the internal processes in place. Lastly, personalised advice is provided regarding the corrective measures in question. During this financial year, over 1,100 visits were made to suppliers as part of this programme.

Programme to optimise responsible practices in the use of auxiliary chemical products on the supply chain

The strategy used up to now to promote compliance with the Clear to Wear standard in the articles marketed by Inditex prioritises communication with and training of the suppliers of finished articles and their supply

chains with regards the provisions included in the Clear to Wear standard and the binding nature of their compliance. It also places special emphasis on monitoring compliance of finished articles.

Inditex's CSR Department, in collaboration with the University of Santiago de Compostela and leading companies in the auxiliary product sector for the textile industry, has started up a support programme (Bridging the Information and Knowledge Gap) that aims to broaden the level of information available and provide more details of the substance content in auxiliary products, encourage the application of new synthesis technologies for these auxiliary products and develop a programme to increase the training given to the suppliers of finished articles in terms of chemical safety *(chemical-knowledge empowerment)* and to their value chains.

Innovation programme

In the two analytical centres of reference for Inditex, established in Spain and Turkey, a research and development programme was implemented to broaden and widen the analyses of substances regulated by Inditex's standards standards. The centres have been provided with the most accurate analytical equipment and have special units to support the activities of the technical guidance programme for manufacturers and suppliers.

Cooperation programme

Inditex, as a leading company in the textile sector, is resolutely determined to move forward to a point where the true value of the experience acquired and the collaborative networks set up in the process comprising the creation, implementation and monitoring of the Clear To Wear and Safe To Wear standards are shared and properly appreciated. The transference of knowledge, solutions, technical procedures, experiences and values to bodies of reference in the textile sector, which may act as agents for change at a national or regional level, is an essential tool to facilitate the universal adoption of ideal manufacturing and quality control practices by all manufacturers and suppliers.

Within this framework of cooperation, agreements have been set up with business associations for textile exporters in Bangladesh and Turkey, two of the world's largest textile producers, to increase their involvement in the programme to implant and monitor Clear to Wear and Safe to Wear standards in their respective countries.

The PIN Standard Project first started in 2010 and is a collaborative effort carried out between the University of Dhaka, the University of Santiago de Compostela and the Bangladesh Garments Manufacturers and Exporters Association (BGMEA). Its aim is to support the efforts made by BGMEA to implement a product health and safety system within the textile sector in Bangladesh and, as part of this project, steps have been taken to promote the creation and equipping of a laboratory of reference to monitor the implementation of the product health and safety provisions contained in the PIN Standard, comparable to those established in the Clear to Wear and Safe to Wear standards. In 2011, Inditex established partnership agreements and drew up a project for a laboratory, which was effectively launched in 2012. Inditex's promotion and support activities are rounded off by the training of technical personnel and lab management staff along with the transference of knowledge and monitoring and analysis methodologies.

In addition, Inditex began a collaborative project with the Istanbul Ready-Made Garment Exporters' Association (ITKIB), through its laboratory EKOTEKS, to ensure its involvement in the implantation of the Clear To Wear and Safe To Wear standards and in monitoring compliance of the articles produced in Turkey. The activities to be carried out range from using the EKOTEKS laboratory to analyse and test articles manufactured in Turkey to collaborating with training and technological guidance initiatives.

www.inditex.com

2. Sustainable logistics

OBJETIVE	To ensure an efficient approach to the use of energy and water in the logistical centres and mitigate emissions from transportation
OPPORTUNITY	Quantify and administer Inditex's greenhouse gas (GHG) emissions with the overall objective of achieving a reduction of 20% in GHG emissions by 2020, compared to 2005
TYPES OF CAPITAL INVOLVED	Natural / Manufactured / Intellectual

MATERIALITY MATRIX		
R+D	Green Retail	Emissions
Climate change	Energy	Dialogue and commitment with stakeholders
Environmental Management	Water	

All Inditex's logistical centres have an Environmental Management System certification in accordance with the ISO 14001 standard, with the exception of the new Logistical Centre, Tempe 3, that is currently immersed in the certification process. All personnel employed in the logistical centres have received environmental training.

LEED Gold in the logistical centres

The LEED Gold certification is one of the most prestigious building standards in the world. It measures the building's level of environmental respect and assesses its location, water management, the indoor environmental quality, the materials used and energy efficiency within the building.

Inditex was awarded the LEED Gold certification for its corporate offices and for the Massimo Dutti logistical centre in Tordera (Spain) and, in 2013, it expects to be awarded the LEED EBOM certification (for existing buildings) for Inditex and Zara's corporate headquarters and for the Zara logistical centre in Arteixo. In addition, the new logistical centre in Guadalajara will be built following the criteria established by the U.S. Green Building Council (USGBC) to thus be awarded the LEED Gold certification.

The Tordera logistical centre, in the province of Barcelona, is one of Inditex's most important distribution platforms. It is made up of five warehouses with a total floor area of approximately 200,000 square metres and supplies more than 2,300 stores. The Massimo Dutti logistical centre, with approximately 80,000 square metres of floor area, can be found here.

The new logistical centre has a packaging section with a capacity for more than 200,000 boxes and another section with state-of-the-art technology for storing clothes on hangers with a capacity for more than two million garments. In addition, it is equipped with the very latest logistical machinery. The technology applied guarantees that the merchandise will be delivered to the stores in less than 48 hours.

When extending the distribution centre, several sustainability criteria were taken into account, such as the choice of a sustainable location, the use of water-saving and water-processing systems and the use of highly effective energy-efficient equipment. What's more, renewable energy generated locally using solar panels is used and, in addition, a tri-generation plant covers 50% of its energy needs. As regards the materials used in the construction of the logistical centre, the demand for products that incorporate recycled materials has grown. Likewise, 10% of the demolition waste resulting from the destruction of the old factory located on the same site was used as a filler. In addition, preference was given to construction materials and products extracted from or manufactured in the region itself, or in neighbouring regions (within a radius of 800 km).

Carbon footprint of the logistical operations

All transportation and distribution operations are carried out using external operators. Therefore the greenhouse gas (GHG) emissions associated with these activities are considered *scope 3* as determined by the criteria established in the GHG Protocol.

As a result of the considerable weight of the greenhouse gas (GHG) emissions associated with these activities, Inditex has developed a software tool that makes it possible to calculate these emissions in accordance with the GHG Protocol and, at the same time, propose improvement plans to its logistical operators in an attempt to reduce these. This tool used to calculate emissions from logistical operations is already up and running in Tempe and covers more than 6,000 stores worldwide. This allows Inditex to obtain real *scope 3* data and work on emission reduction plans.

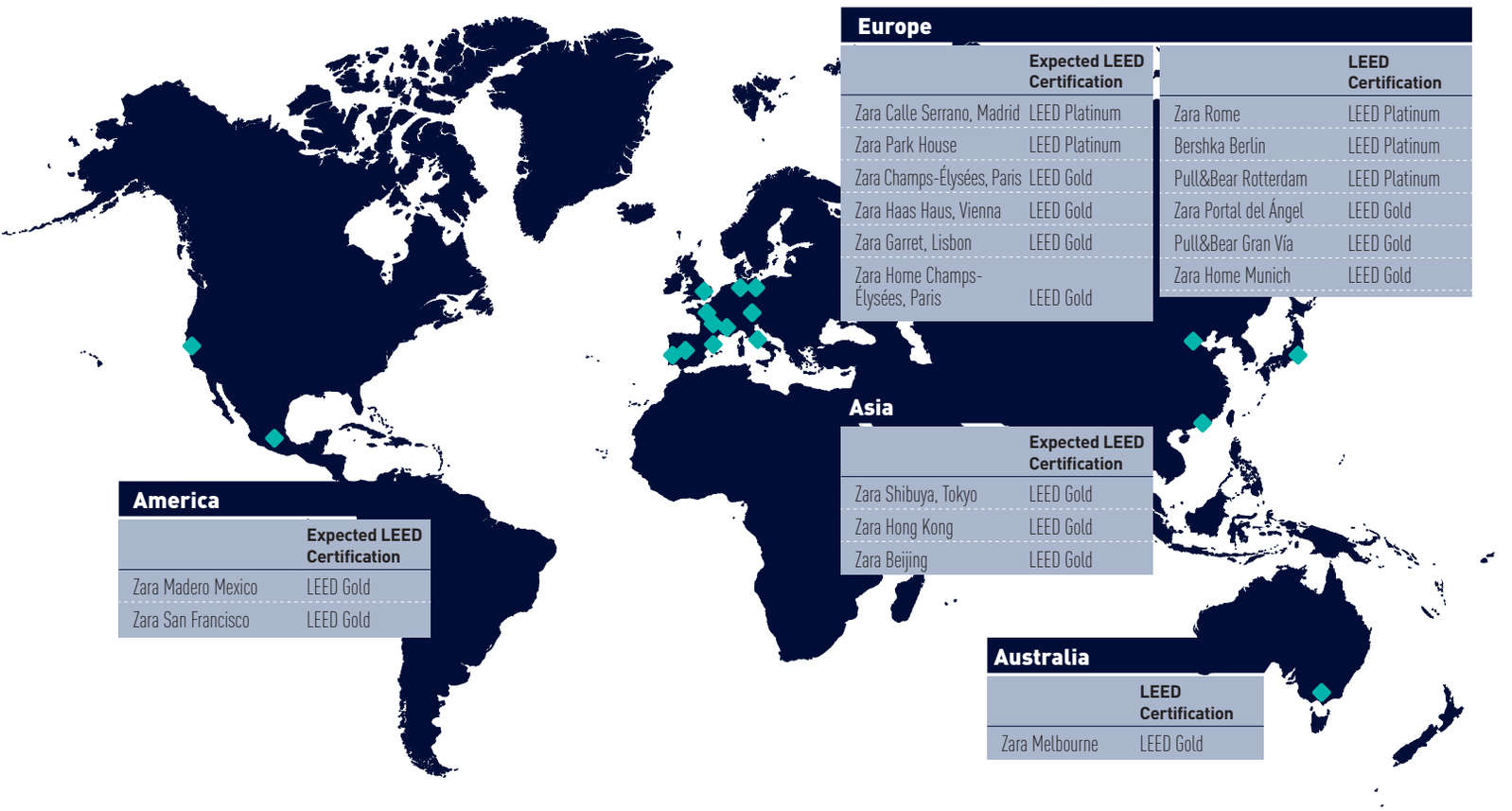
3. Eco-efficient stores

OBJECTIVE	Ensure all stores within the Group are eco-efficient by 2020		
OPPORTUNITY	Reduce the environmental impact of the stores within the Group through eco-efficient design		
TYPES OF CAPITAL INVOLVED	Natural	Manufactured	Intellectual
MATERIALITY MATRIX	R+D	Energy	Green Retail
	Climate change	Water	Customer Care
	Environmental Management	Emissions	Dialogue and commitment with stakeholders
	Materials Used	Waste	

The stores are a pivotal part of the Inditex business model. Here simplicity is paramount as the aim is to allow customers to come into direct contact with fashion. All the Group's new stores are built in accordance with Inditex's Eco-Efficient Store Manual, that includes technical instructions for electrical and HVAC installation, plumbing, lighting, furnishing and waste.

Since 2007, more than 1,300 eco-efficient stores have been built worldwide. The sustainability and energy-efficiency measures in these stores save an average of 30% on electricity and 50% on water consumption compared to a conventional store. The aim is that all the Group's stores be eco-efficient by 2020.

In 2012, the Zara Home store in Munich was awarded the LEED Gold certification. Several shops are currently undergoing the certification process: Zara Park House in London (LEED Platinum), Zara in Calle Francisco Madero in Mexico DF (LEED Gold) and Zara on the Champs-Élysées in Paris (LEED Gold).



Europe

	Expected LEED Certification
Zara Calle Serrano, Madrid	LEED Platinum
Zara Park House	LEED Platinum
Zara Champs-Élysées, Paris	LEED Gold
Zara Haas Haus, Vienna	LEED Gold
Zara Garret, Lisbon	LEED Gold
Zara Home Champs-Élysées, Paris	LEED Gold

	LEED Certification
Zara Rome	LEED Platinum
Bershka Berlin	LEED Platinum
Pull&Bear Rotterdam	LEED Platinum
Zara Portal del Ángel	LEED Gold
Pull&Bear Gran Vía	LEED Gold
Zara Home Munich	LEED Gold

Asia

	Expected LEED Certification
Zara Shibuya, Tokyo	LEED Gold
Zara Hong Kong	LEED Gold
Zara Beijing	LEED Gold

America

	Expected LEED Certification
Zara Madero Mexico	LEED Gold
Zara San Francisco	LEED Gold

Australia

	LEED Certification
Zara Melbourne	LEED Gold

Eco-reforms

Eco-reforms are carried out in stores that opened before 2009 to adapt their image to the new design and reduce their power consumption by up to 30%.

All the new reforms follow the guidelines in the Eco-Efficient Store Manual and consist of:

- Renovation of lighting incorporating high efficiency lights
- Installation of a centralised management system
- Replace air conditioning equipment with more efficient class A systems using gas that is not harmful to the ozone layer
- Incorporate speed control on the escalators

The aim is for all stores to be eco-efficient by 2020. By the end of 2012, 345 stores had been reformed following these criteria.

ZARA H
ZARA HOME

Zara Home – Fürstenfelder Strasse, Munich

With the awarding of the LEED Gold certification to Zara Home, located at 13 Fürstenfelder Strasse, Germany now has the second highest number of environmentally certified stores in the Inditex Group, second only to Spain. In 2011 the Bershka store on Tauentzienstrasse was awarded the LEED Platinum certification, which is the highest awarded by the U.S. Green Building Council.

CUSTOMER SERVICE AFFINITY CARD

Customer service

Calls

1,096,444

Calls to customer service telephone numbers 2012

Messages

660,418

Messages via web-based customer services 2012

Complaint forms

5,252

Complaint forms submitted 2012 (Spain)

Affinity card

Users

1.1 million

Total number of users 2012

New users

9,075

Number of new users 2012

Receipts

350,000

Average number of receipts per month 2012

Newsletter

199,769

Number of users of the newsletter 2012

Web

366,000

Number of visits to the Affinity Card website 2012

4. Reduction, reuse and recycling

OBJECTIVE	Promote the reduction, reuse and recycling of textile products and the materials used in their manufacture and distribution
OPPORTUNITY	Close the life cycle of textile products and the materials used in their manufacture and distribution, thus reducing their environmental impact

TYPES OF CAPITAL INVOLVED	Natural	Manufactured	Human
MATERIALITY MATRIX	R+D	Energy	Green Retail
	Environmental Management	Water	Customer Care
	Climate change	Emissions	Dialogue and commitment with stakeholders
	Materials Used	Waste	

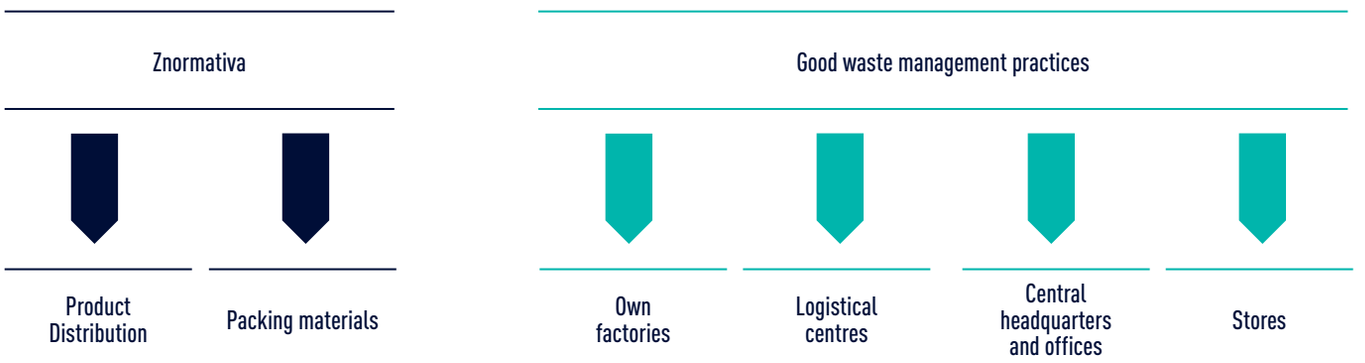
Reuse

Another point of focus of Inditex's Sustainable Plan 2011-2015 consists of promoting the reuse and recycling of textile products and the materials used in their manufacture and distribution. Inditex has several projects dedicated to closing the life cycle of the materials used in all centres owned by the Group. Plastic, paper and carbon account for the majority of waste. Mechanisms have been installed to reduce the volume of plastic and paper by 95% and 90% respectively in order to optimise transportation and storage. Emphasis is also given to raising the awareness of personnel to ensure waste is correctly separated as these are quite often transformed into by-products that are then sold on to other companies.

As regards the reuse of textiles, Inditex collaborates with the cooperative, Roba Amiga, to improve the management of second-hand clothes and thus reduce textile waste through a scheme that promotes the inclusion of individuals who are socially excluded or who are at risk of social exclusion. In 2011, a 3-year partnership agreement with an allocated budget of €450,000 was signed. From March 2012 to September of the same year Oysho donated 125,000 garments and the recycling or sale of these items helped create 75 jobs for individuals at risk of social exclusion

Another initiative to encourage creativity and recycling is the Coknit Connect of the IED Moda Lab in Madrid. Using unwanted products donated by Inditex, IED fashion design students develop and create avant-guard designs in an exercise that focuses on recycling and talent. The final creations are shown in a fashion show at the end of the academic year, proof that it is possible to combine sustainability and cutting-edge fashion in the world of textile creations.

INDITEX'S WASTE MANAGEMENT MODEL



Reduction and recycling

Correct waste management and waste minimisation plays a critical role in the development of Inditex's activities. For this reason, the Group has:

- An integrated management system to efficiently handle packaging and packaging waste
- An ISO 14001 environmental management system in its own factories, logistical centres, central headquarters and offices
- Its own sustainable and efficient Waste Management Model adapted to meet Inditex's characteristics and needs.

ZNormativa is a set of rules and regulations common to all Inditex suppliers which offers the possibility of optimising the packaging process, waste management as well as the distribution and logistical process. This includes specifications about how the products should be packaged, distributed and transported, as well as the technical characteristics of the packaging materials used.

The Good Waste Management Practices include the methodology of work used to manage waste that has the greatest impact and which accounts for the majority of the waste generated by the Group's operations (plastic, paper, cardboard and textile). It gives instructions to help reduce the content of packaging material, improve waste separation and storage and facilitate recycling.

COMMITMENT TO PEOPLE

Inditex understands that its relationship with its employees and the community to which it belongs is based on the principles stated in the Inditex Code of Conduct and Responsible Practices. Training policies, equality and reconciliation plans and integration projects are key instruments for generating a work atmosphere that favours the staff's personal and professional growth. Social investment programmes represent the main tool by which Inditex aims to generate social well-being in its local setting.

1. Development of self-sufficient and responsible staff

OBJECTIVE	Keeping alive the values among staff whose numbers continue to grow as the company's business expands		
OPPORTUNITY	Encouraging employees' professional and personal growth in tandem with the business		
CAPITALS INVOLVED	Human	Social and Relationship	Intellectual
MATERIALITY MATRIX	Labour practices	Development of human capital	Work health and safety
	Attracting and retaining talent	Labour relations	Dialogue with and commitment to stakeholders

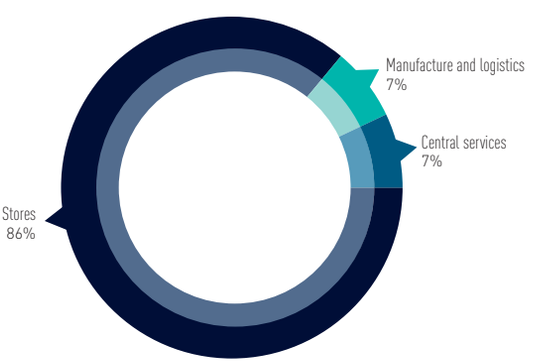
Growth

People are a key element for consolidating Inditex's growth. In a complex, demanding and competitive environment, and as part of a modern, different and changing sector, our staff are one of the Group's differentiating factors. Among the instruments used to involve employees, Inditex encourages leadership, providing them with a working environment that promotes autonomy and ability to assume responsibility. This enables staff and company to grow together. The challenge is to maintain these values among new employees, an staff whose multiculturalism never ceases to increase, with more than 130 nationalities and 45 working languages. The staff are also young, with an average age of 31.

Changes in Inditex Group employee numbers

2008	2009	2010	2011	2012
89,112	92,301	100,138	109,512	120,314

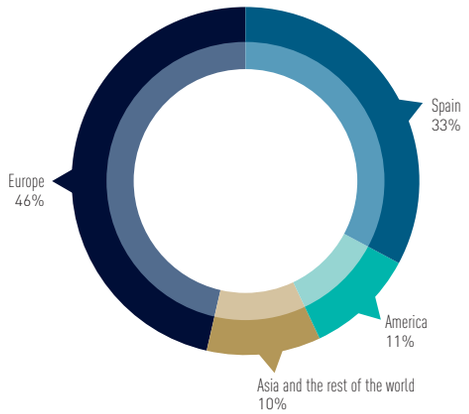
Employees by areas of activity 2012



Newly-opened stores

Zara launches its new image in the store at 666 Fifth Avenue in New York. More than 390 people work there.

Employees by geographic area 2012*



* In 2011, employee distribution by geographical area was the following: 10% America, 8% Asia and the rest of the world, 36% Spain and 46% Europe excluding Spain.

Inditex closed 2012 with a total of 120,314 employees, 10,802 were net starts during the year. This growth in staff was accompanied by the expansion of the Group, as occurred in new store openings, such as Zara and Massimo Dutti in New York's Fifth Avenue, Pull&Bear in Austria, Bershka in Japan or Stradivarius in Mexico. Significantly do 86% of the staff work in the Group's stores.

One of the characteristics of the year was the investment in expanding and renovating several of the Group's logistic centres, all of them in Spain. At 2012 year-end, 7,149 people were working in these platforms, a key element in Inditex's expansion. In addition, the development of on-line sales was a new step forward, with entry into new markets such as China.

In 2012, Inditex renewed its Code of Conduct and Responsible Practices, which all the Group's employees are required to obey, replacing the previous Internal Code of Conduct and the Internal Responsible Practices Directory. This text establishes the principles and values that must guide the Inditex Group's relations with its main interest groups, and which should inspire professional, ethical and responsible commitment.

Distribution by markets in the Inditex Group

EUROPE	
Austria	833
Belgium	1,740
Bosnia-Herzegovina	72
Bulgaria	403
Croatia	606
Czech Republic	331
Denmark	90
Former Yugoslav Republic of Macedonia	111
France	7,054
Germany	4,213
Greece	2,840
Holland	1,326
Hungary	609
Ireland	726
Italy	5,446
Kazakhstan	227
Luxembourg	111
Monaco	33
Montenegro	93
Norway	147
Poland	3,760
Portugal	5,562
Romania	1,566
Russia	7,705
Serbia	422
Slovakia	192
Spain	39,468
Sweden	469
Switzerland	770
Turkey	2,972
UK	4,474
Ukraine	928
Total Europe	**95,299**

AMERICA	
Argentina	774
Brazil	2,398
Canada	1,121
Chile	774
Mexico	4,398
Uruguay	191
USA	3,115
Total America	**12,771**

ASIA AND THE REST OF THE WORLD	
Australia	498
Bangladesh	37
China	5,552
Hong Kong	1,078
India	415
Japan	2,865
Macao	157
South Africa	233
South Korea	969
Taiwan	440
Total Asia and the rest of the world	**12,244**
GENERAL TOTAL	**120,314**

Retaining talent

Eighty-six percent of Inditex Group's employees work in our stores, and represent the heart of Inditex's business model. This is the reason why the Human Resources Department makes such an effort to invest in detecting and developing talent among professionals already working in the Group.

In this context, one of the main tools is the Intalent programme. Initiated in 2010, it is an opportunity for all store employees to provide their CV information and describe where they would like to go in the Group. Some 50,000 employees have already taken part in this programme, now already implemented in 12 European countries. There are also plans for identifying potential adapted to the reality of each country, with the aim of ensuring talent is not wasted. In Europe alone, these programmes include nearly 2,000 people.

Examples of these programmes are Career Designer in Poland or Store Manager Development Programmes in Turkey; in both cases, workshops and meetings with trainers have been used to develop the participants' skills in order to fill store supervisor positions internally.

Internal promotion is also the basis for Inditex team development. There are specific programmes focussing on the most strategic profiles, such as the Managerial Development Programme, aimed at training personnel with an international outlook for management posts.

Training*

All these potential identification projects have been reinforced by training plans that either ensure the future success of Inditex professionals or the continued empowerment of the Group's greatest capital. In order to improve their technical or personal abilities,a total of 13,374 people have received training. Regarding the stores, 7,044 people have been trained, including the pioneering project launched in 2012, e-fashion, an on-line, distance learning initiative to train store teams in issues related to managing a fashion business, held in conjunction with the Istituto Europeo di Design (IED), one of the most prestigious fashion schools in the world. The pilot edition saw 90 people participate, from all the Group's chains. In the 220 course hours, attendees were given an in-depth look at topics such as trends, e-commerce and store management.

The training plans organised for the logistics platforms in Spain were another key feature last year, with 3,511 people having attended. Of particular note in 2012 were the efforts made in work safety. Among the topics discussed on this training course, special emphasis was placed on issues relating to adopting correct postures during work to reduce the incidence musculoskeletal injuries and handling machinery or carrying out work at heights. Courses on equality were also held. In addition, employees at the logistic platforms and at the factories have been trained to promote a better performance at their work. For instance, the development of communication abilities among the middle management at Zaragoza's logistic platform. A total of 3,915 people have attended.

* Information corresponding to the period between January 1st and December 31st 2012, except for the e-fashion programme, which started in 2012 and ends in 2013.

Attracting talent

The Inditex Group's strategy to attract the best professionals is based on two tools: the Joinfashion! platform (coordinated through the www.joinfashion.com website) and the recruitment centres.

In the former case, after its successful launch in 2011, Joinfashion! has continued to develop as a channel to centralise the employment opportunities in the Inditex Group. Thus it maintains its identifying characteristics, such as videos to go with some of the job offers and, through the testimonies of professionals working in the Group, it transmits the Inditex philosophy, values and business model.

The recruitment and training centres are another of Inditex's investments to guarantee the best professionals are recruited for the Group's stores, thus ensuring the best service for our customers. During 2012, the Madrid and Barcelona centres received more than 80,000 candidates interested in working for Inditex. In Europe, the London recruitment and training centre (the first to be opened outside Spain, in 2011), has covered most of the vacancies for the Group's stores in the UK capital. Furthermore, 2012 saw the addition of Milan and Paris, with more than 13,000 candidates attending, and Moscow, where recruitment is centralised for the whole country, one of Inditex's main markets in the continent. These centres do not only carry out the recruitment process, they also undertake training projects, such as the Inditex School, a training programme for new recruits to the store. During 2012, a total of 95 candidates took part in this programme, 90% of whom were recruited.

To attract the best, the Group has developed a direct attraction strategy at the source centres for inspiration. Thus, Inditex works with the main fashion schools and the most important fashion shows. Last year, it paid 20 visits to fashion and design schools in Europe and the USA, as well as the main European fashion weeks.

The Cantera Project continues its consolidation as one of the foundations for incorporating young talent, training it from the bottom up to grow with the company. During 2012, 44 people joined the project to become future designers, buyers and product managers. This attraction strategy, following the traditional model, is complemented by presence in the social networks, as Inditex realises most of our potential professionals move in these fields. This year saw the launch of JoinFashion! in the 2.0 web world. The Inditex recruitment platform now has its own page on both Facebook and LinkedIn, and has started to operate on Twitter, producing greater visibility for job offers. This has produced 50% of new recruits through the work carried out on these networks, either by direct attraction or candidates learning about Inditex through them. It is one of the strategies Inditex will be strengthening in 2013.

Commitment

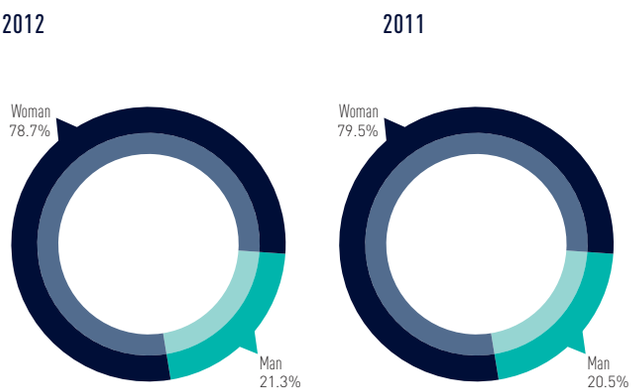
Inditex's commitment to its employees is expressed through various objectives, such as promoting work/personal life reconciliation and establishing fair remuneration systems, good working relations and a permanent dialogue with social institutions and representatives.

Reconciliation

Inditex, whose staff is 78.7% women, has a specific commitment to equal opportunities for men and women and to non-discrimination. This commitment to equality started in 2006 with the ratification of the Equal Active Diversity Project, co-financed by the European Commission and managed by the Spanish Coordinator from the Women's European Lobby and the Carolina Foundation.

The aim of this project is to promote measures to guarantee equality of treatment and opportunity of women and men in all areas of the company, applying the gender perspective to all its policies and decisions, guaranteeing non-discrimination in salaries due to sex and progressing towards co-responsibility.

Employees by gender



Once the Equality Bill was approved and published in Spain in 2007, Inditex began a comprehensive gender-based analysis process diagnosing the situation of company employees in terms of access, contracting, recruitment, work health, training, promotion, balance in work, family and personal life, sexual or gender-based harassment and communication and gender violence, to establish the real data on possible inequalities and initiate negotiations on corrective and positive action measures, providing form and content to the different equality plans negotiated so far for each of the Group's companies.

As of 2011, equality plans have been negotiated, agreed on and fully implemented in the following logistics centres: Europa Platform, Meco Logistics Platform, Massimo Dutti Logistics, Bershka Logistics, Pull&Bear Logistics, Zara Home Logistics, Zara Logistics, Stradivarius Logistics, Tempe and Factories.

In 2012, Inditex made significant progress in the negotiations for the state equality plans in the following Group chains: Massimo Dutti S.A., Pull&Bear España S.A. and Zara España S.A.

Through previously negotiated plans implemented in its companies, the Inditex Group has assumed the commitment to make these documents an effective instrument for improving the working atmosphere, optimising the skills and potential of all employees and, thus, improve their quality of life and increasing productivity, rather than just a document produced through legal obligation.

Positive measures for family and work balance have been established, going so far as to set precedents in some areas, making flexible working hours one of the main characteristics of the Inditex business model and improving licences (extended to civil partnerships and cases of dependent family members).

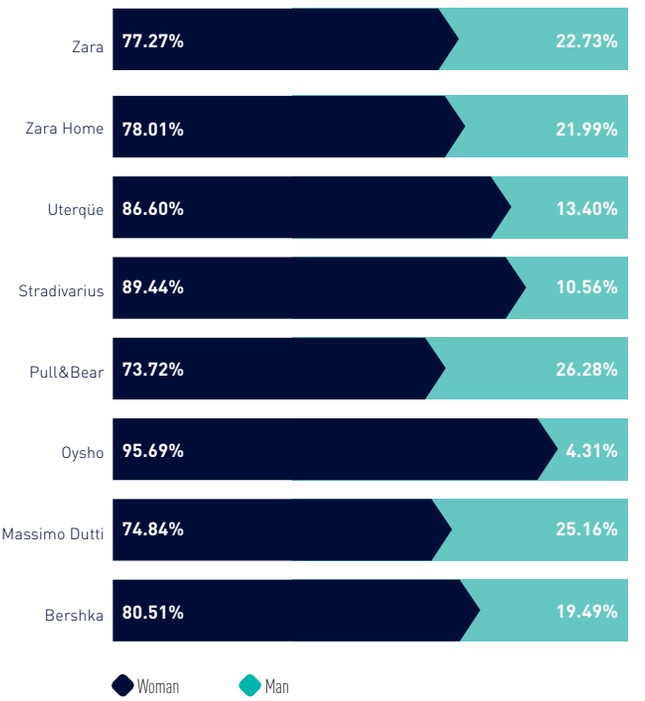
Periods of leave were considerably improved, some involving protecting a work position for studies or voluntary work. In addition, work is constantly being done to improve worker protection measures during pregnancy and breast-feeding, as well as work safety during gestation.

Of particular note regarding situations of gender violence is the possibility for immediate change of work centre, while reserving the work position for long periods of time.

In the monitoring and implementation of equality plans in 2012, six employees started the process of gaining accreditation as equality agents. These are in addition to the nine employees from different chains who were accredited in 2011 to oversee the proper execution of commitments in this area.

In 2012, Inditex extended a subsidy to all employees in Spain with family problems, which was already available at the logistics platforms. This involves giving financial assistance to those employees who have a disabled family member under their charge, with the aim of contributing to better balance between work and personal life in our teams.

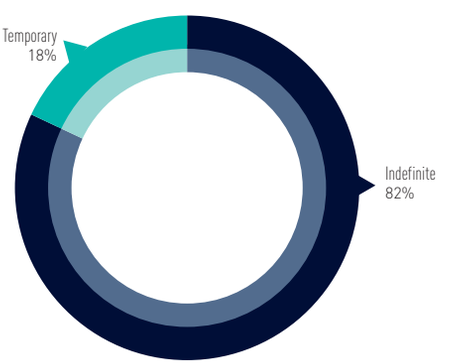
Employees by sex in each commercial format (2012)



Staff distribution in Spain by working day (2012)*

* Distribution by working day has remained stable since 2011

Staff distribution in Spain by contract type (2012)*



* Distribution by type of contract has remained stable since 2011

merco
MONITOR EMPRESARIAL DE REPUTACIÓN CORPORATIVA

Merco Personas 2012

In 2012, Inditex reached first place on the list of the 100 best companies to work for, as drawn up each year by the the Corporate Reputation Business Monitor (MERCO). Merco Personas assesses variables such as professional development, motivation, working environment, pride in belonging, promotion of creativity and salary, among others variables. The survey includes more than 12,000 people, who highlighted the potential of the Inditex Group as an employer as well as how employees identify with company objectives.

Compensation policy

Each business area and country has compensation elements that are common to all and others adapted to each market and working environment.

Stores, logistics platforms and central services have variable compensation systems, linked to different measurements and objectives, which can be adapted to each group and professional in each market, thus successfully linking employees with the business objectives and results.

Staffing costs 2012

(in thousands of euros)	2012	2011	Var. %
Fixed and variable salaries	2,098,490	1,843,020	13.9%
Inditex contribution to Social Security	449,220	391,158	14.8%
Total personnel expenses	**2,547,710**	**2,234,178**	**14.0%**

Work safety

In 2012, Inditex continued to develop its commitment to its employees health and safety. Especially significant were the actions taken in factories and logistics centres, helping to advance the implementation of OSHAS 18.001 certification as part of a Work Health and Safety Management System demanding the highest standards. In this context, the following actions performed in 2012 are worth highlighting:

- OSHAS 18.001 certification in: Tempe S.A and Bershka Logística S.A.
- OSHAS 18.001 implementation in the following companies: Pull & Bear Logística S.A, Plataforma Logística León S.A., Choolet S.A., Confecciones Fios, S.A., Confecciones Goa, S.A., Denllo S.A., Glencare S.A., Hampton S.A., Indipunt S.L, Indipunt Diseño S.L., Samlor S.A., Stear S.A., Trisko S.A., Zintura S.A, Plataforma Logística Meco S.A., Zara Logística S.A.

Volunteer work

Inditex encourages its employees to actively participate in society, as an essential part of the Group's work in the field of corporate social responsibility (CSR).

INPULSE

In 2011, the Inpulse portal was set up as a corporate web platform for Inditex workers, with information on the Group's CSR initiatives and the different types of actions in which they can become directly involved or participate.

The most ambitious project is undoubtedly The Big Idea Project, a social or environmental project competition, providing an opportunity for employees who, through a non-profit organisation, want to present a project with the possibility of funding and time off for the necessary voluntary work.

After the first edition in Spain in 2011, the second in 2012 was extended abroad to Poland, Germany, England and the USA. This latest edition had a higher number of projects, 172, of which 20 were chosen.

The Big Idea Project has thus gone international with total donations of €468,037 and 2,124 hours' voluntary work, which will help make the 20 charity ideas a reality.

Integration

Inditex understands job creation as an exercise in responsibility. Thus, the Group undertakes different initiatives with the aim of facilitating integration into the labour market for groups with special needs or in situations of vulnerability.

In compliance with the Law of Social Integration of the Disabled (LISMI), applicable in Spain, in 2012, Inditex directly contracted a total of 762 people with a degree of disability equal to or greater than 33%, both in the different chains and the logistics platforms. In addition, after authorisation from the Ministry of Employment and Social Security, Inditex contracted the services of special employment agencies, equivalent in total to 105 more disabled workers. Also, the Group's different chains have made donations to different associations and foundations, with the aim of integrating disabled people into the labour market, for more than €94,000, equivalent to contracting nine such workers.

Stylepack Programme

The Inditex logistics centre in Zaragoza has been home to a special employment centre (Stylepack) since 2010, providing jobs for 30 people with physical or intellectual disabilities. The workers, who are constantly supervised by two monitors, work primarily on re-labelling garments for countries such as India, Indonesia and Ecuador. The help and willingness of all employees at the centre is making it possible to completely integrate these people into the daily work routine.

Integration projects are also underway at the stores. Currently in A Coruña, Bilbao and Madrid, there are people with Down's syndrome working in some Group stores as part of a project to both provide them with jobs and offer personal achievement. The people involved in this project have a tutor who analyses their development and integration with the rest of the staff.

Jeunes Project

During 2012, Zara France continued its Jeunes Project solidarity programme in conjunction with Force Ouvrière labour union and completed its 11th cycle. The aim of this programme is to facilitate the integration of disadvantaged youths in the Paris metropolitan area into the labour market. In this case, there were two calls for entries, in which a total of 30 young people were employed by Inditex.

For&from programme

This programme, involving integration of people with disabilities into the work force, was launched in 2002 as a result of Inditex's commitment to providing innovative and sustainable solutions related to its business model that generate a financial and social impact. Thus Inditex, in conjunction with various social economy organisations working on the integration of people with disabilities into the labour market, has set up a programme currently involving six commercial establishments: one Massimo Dutti and one Bershka store in Palafolls (Barcelona); one Massimo Dutti and one Tempe store (accessories and shoes from all Inditex Group chains) in Allariz (Ourense); another Tempe store in Elche (Alicante) and a new Stradivarius store opened in 2012 in Manresa.

The *for&from* stores are managed by people with some type of physical or intellectual disability, belonging to the staff of the such social organisations. The stores are also completely fitted out to guarantee accessibility to any person with a physical disability.

Currently, the programme provides stable employment for 48 people with some type of disability. Our experience with this project has served as a bridge for integrating programme beneficiaries into the Group's ordinary stores, based on their previous experience in *for&from* establishments.

More information on the for&from project in the Sustainability Balance Sheet (page 295)

The Salta Project

2012 saw the 15th edition of the Salta project, which aims to help the integration of young people at risk of social exclusion in Madrid and Barcelona into the labour market. In conjunction with six foundations (Adsis, Atenea, Integra, Surt, Randstand and Casals dels Infants), last year 57 people were included in the project, making it now 300 young people who have joined the Group's stores so far. The project offers strong theoretical training ranging from the more practical aspects of sales work and customer care to workshops on social skills. Training is completed with work placement in a store. Finally, all those who pass the training join as new sales staff in the stores of the Group's different chains. This year, 85% of participants were contracted.

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In 2012, Stradivarius opened its first 'for&from' Stradivarius store in Manresa (Barcelona), employing people with severe mental illness, in conjunction with Moltacte, a local cooperative that promotes the integration of people with this type of disability into the labour market. These workers will receive constant psychological and professional support from both Moltacte and the Stradivarius teams.

2. Strengthening our links with the community, through social investment

OBJECTIVE	Creating a positive social and economic impact that contributes to the development of the community		
OPPORTUNITY	Improving overall well-being through the application of business resources		
CAPITALS INVOLVED	Social and Relationship	Human	Financial
MATERIALITY MATRIX	Local community development	Social investment	Dialogue with and commitment to stakeholders

For Inditex, investment in the community is a challenge to improve overall well-being through the application of business resources. This way of understanding the social investment strategy involves participation in socially responsible practices through actions that generate social and economic impact in the community.

This commitment, geared towards investment that supports social causes, in conjunction with non profit organisations, focuses mainly on the following work areas:

- Education: actions centred on providing opportunities through quality education, facilitating a decent quality of life and promoting social justice and personal growth among young people.
- Employment: initiatives that promote employment and entrepreneurship among vulnerable groups, favouring integration in the labour market of people at risk of exclusion and the socio-economic development of the community.
- Humanitarian activities: charity work focused on protecting the life, health and well-being of people through emergency actions.

In 2012, Inditex adopted London Benchmarking Group (LBG) methodology with the aim of optimising the management and assessment of contributions to community-related initiatives. Using this model, the breakdown of indicators relating to the resources provided by Inditex to social action projects is as follows:

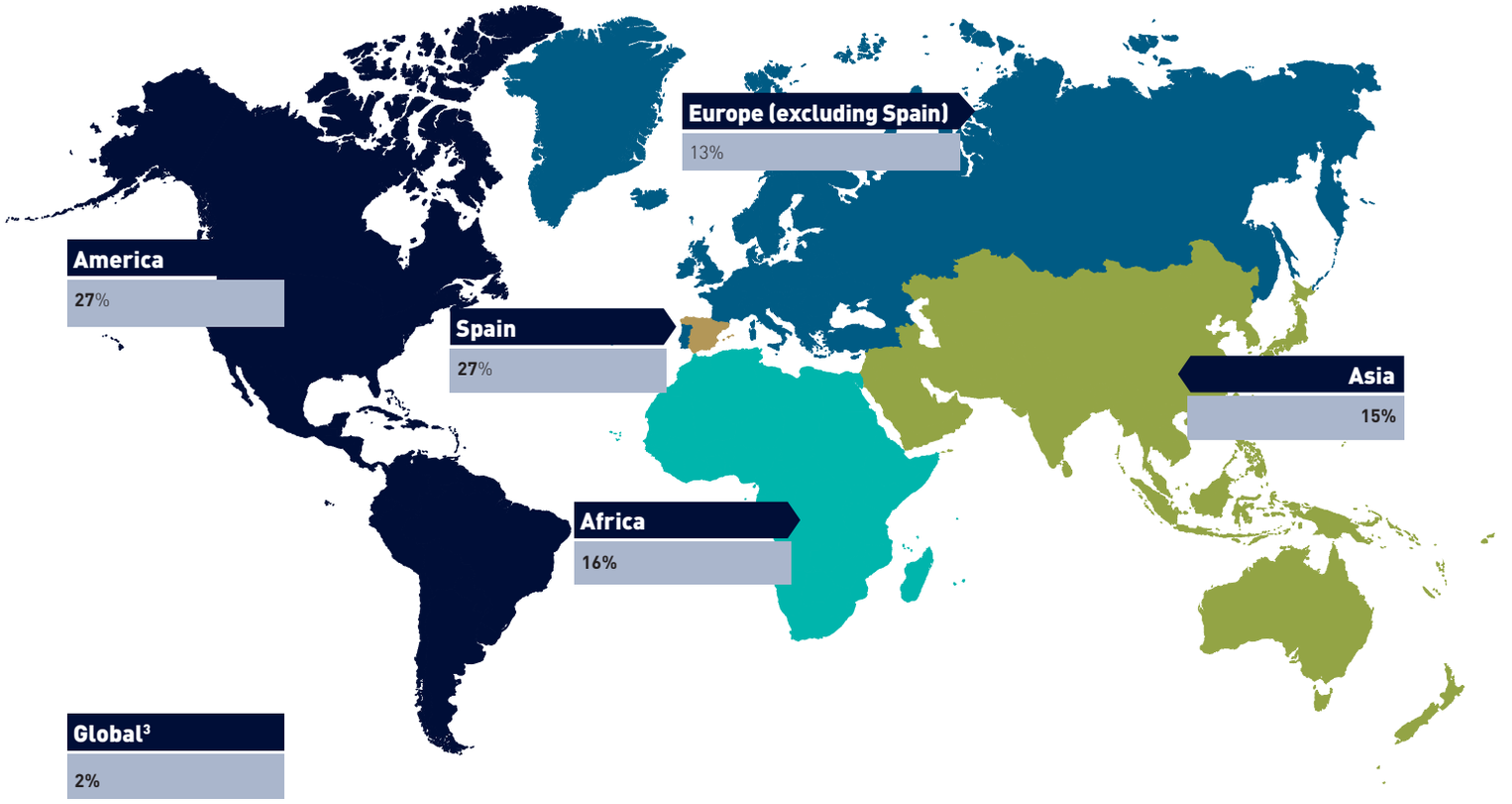
Inditex's social investment

Investment in social action[1]	**€21,345,481**
Number of charity organisations supported	**394**
Number of social action projects undertaken	**494**
Number of people benefiting directly[2]	**740,475**
Number of garments donated to social causes	**615,404**
Number of hours given by employees to social action projects	**19,320**

1 Inditex's investment in the community includes non-refundable financial contributions, contributions in kind, time and management costs made voluntarily to non-profit organisations. The exchange rates on 31 January 2013 are used for the conversion of data on contributions made by organisations in the Inditex Group in countries outside the Euro zone. Contribution criteria are applied.

2 Figure corresponding to the number of beneficiaries from social investment projects that involve a long-term commitment to the community. This figure does not include beneficiaries of one-off contributions to social causes.

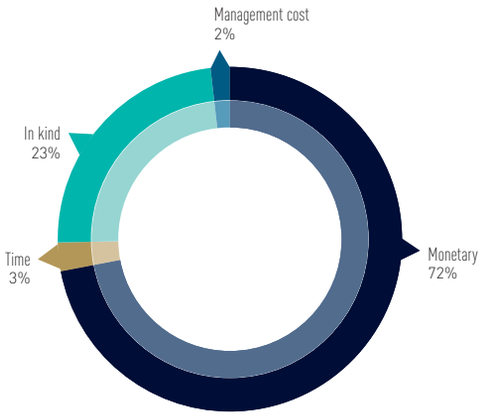
Social investment by geographic area*



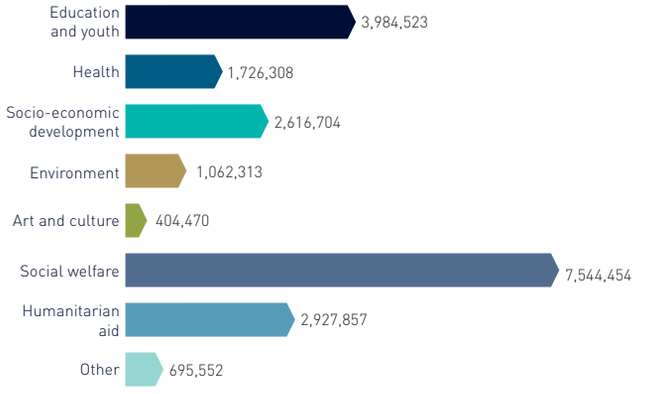
* Does not include management costs.

3 Contributions to global projects with no predetermined country of execution.

Social investment by type of contribution



Social investment by area of activity*



* Does not include management costs.

SOCIAL INVESTMENT 2012

Community Development Programmes

Countries:
Argentina, Brazil, Chile, Mexico, Peru, Uruguay, Venezuela, Bangladesh, Cambodia

Investment: **3,373,344**

Beneficiaries: **142,100**

Educational centres involved: **151**

Persons empowered to work: **8,366**

More than 50 infrastructure projects built

Monitoring Programmes

Countries:
Burundi, Central African Republic, South Sudan, India, Greece, Ecuador, Panama, Venezuela, Colombia

Investment: **3,884,666**

Beneficiaries: **94,306**

25,525 emergency kits supplied

>2,500 psycho-social and legal support actions

26,510 persons received medical attention

Emergency Programmes

Countries:
Burkina Faso, Niger, Mali, Uganda, Democratic Republic of the Congo, Syria, South Sudan, Ethiopia, Guinea Bissau

Investment: **1,357,026**

Beneficiaries: **461,883**

17 emergences attended

Social Entrepreneurship Programmes

Countries:
Spain

Investment: **1,088,280**

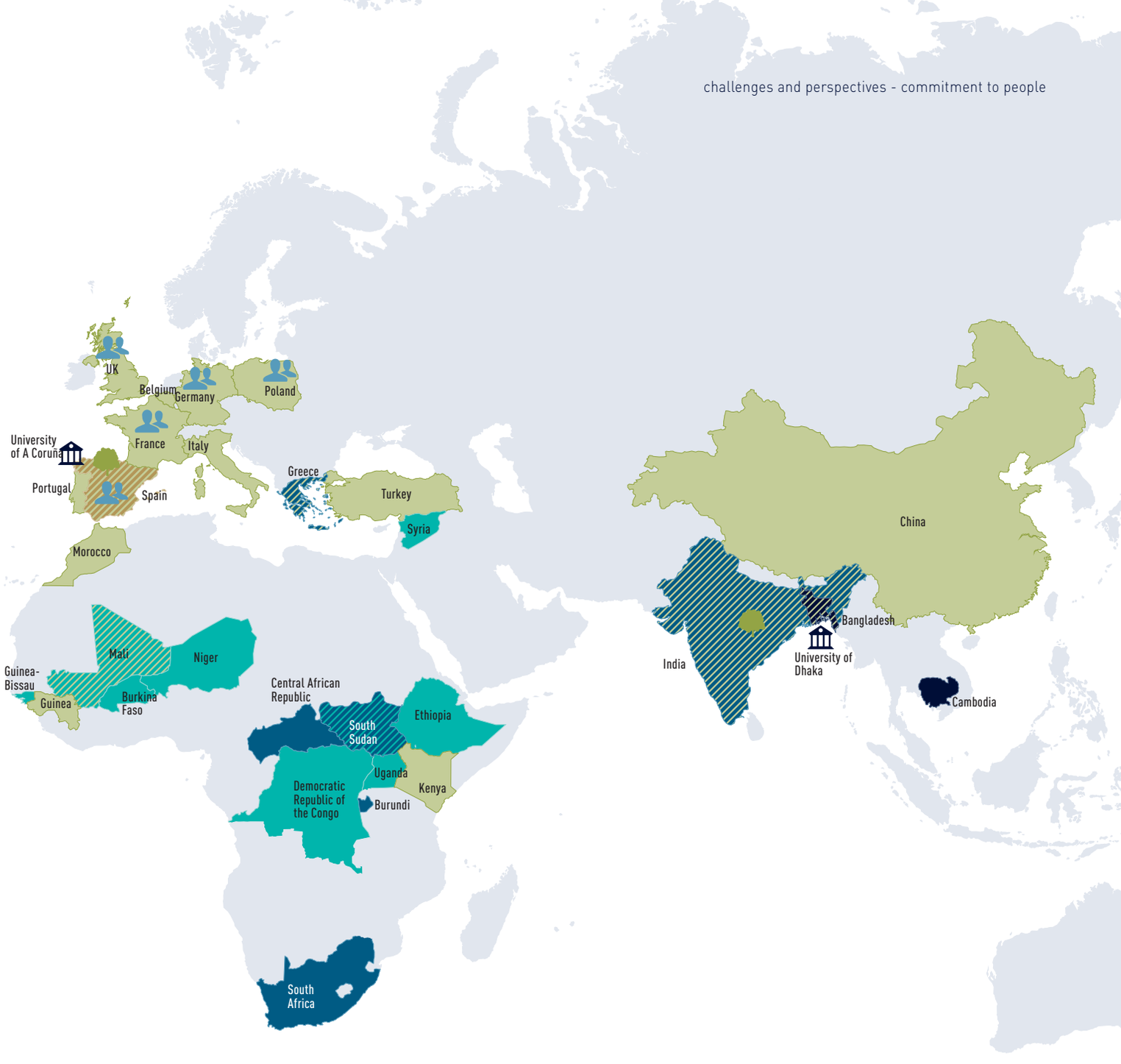
Beneficiaries: **1,107**

40 projects executed

23 employment enterprises created or resized

2 social cooperatives founded

4 Self-employment initiatives generated



Sponsorship and Patronage

Countries:
Germany, Argentina, Bangladesh, Belgium, Bolivia, China, USA, Spain, France, Greece, Guinea, India, Italy, Kenya, Mali, Morocco, Mexico, Peru, Poland, Portugal, UK, Turkey, Uruguay

Investment: **8,844,753**

Number of non-profit organisations supported: **305**

Environmental Programmes

Countries:
Brazil, Spain, India

Investment: **1,030,705**

Employee Social Action Programmes

Countries:
Spain, Poland, USA, UK, Germany, France

Investment: **819,935**

Network of Universities

Countries:
Spain, Bangladesh

Investment: **563,472**

270 pupils enrolled

A Community Development Programmes

The purpose of the community development programmes is to improve the quality of life of people and their environment through training and the generation of opportunities. Under this modality, Inditex develops projects that prioritise development cooperation, in conjunction with not-profit organisations such as the Entreculturas Foundation and Cáritas, among others, and their partners in each country.

Latin American Programme

Inditex and the Entreculturas Foundation have undertaken a three-year programme which aims to have 186,640 beneficiaries among vulnerable groups in Argentina, Brazil, Chile, Mexico, Peru, Uruguay and Venezuela. With the goals of education and generating opportunities, the programme operates in five lines of action:

1. Access to education, facilitating the conditions and infrastructure necessary for young beneficiaries to able to attend class.

2. Quality education, improving teacher training and curricula at the schools benefiting from the programme.

3. Institutional building so that local organisations can improve their management and sustainability and thus optimise the work in society.

4. Professional training so that young, disadvantaged people have adequate facilities and curricula to facilitate entry into the labour market.

5. Social promotion and community development through the support of migrant, indigenous, rural, and human rights organisations; and proposals for improving social conditions in the communities where the programmes are active.

Total beneficiaries 2012	**55,800**
People receiving technical-productive training	6,082
Children receiving remedial schooling	1,542
Schools adopting the quality improvement plan	151
People receiving legal and human rights support	3,000
People receiving psycho-social and/or healthcare support	2,969
People attending specific courses	26,634
Trained teachers	1,056
No. of projects executed	20
Financial contribution 2012	**€1,785,329**

Bangladesh programme

Inditex works with Cáritas in supporting the comprehensive promotion and development of *Adivasi* indigenous communities to improve their quality of life through professional training and rural promotion and development in marginal areas of the districts of Dinajpur, Joypurhat, Mymensingh and Rajshahi.

The objectives of this programme are the professional training of adolescents and women who have abandoned or never accessed education, increasing opportunities for sustainable ways of life, especially for women, and raising awareness of human rights.

These objectives aim to empower women, promoting income generating activities among female entrepreneurs and encouraging community leadership.

Total beneficiaries	**9,215**
Vocational training	
366 apprentices (185 men and 181 women) have been admitted, 338 (170 men and 168 women) have graduated and 256 (108 men and 148 women) have found work	
49 apprentices (39 men and 10 women) have been contracted by factories, workshops and local companies	
207 apprentices (69 men and 138 women) have set up their own businesses	
Rural development	
579 Adivasi students from vulnerable families have received support to continue their education	
7,338 people have actively participated in activities related to improving their rights	
130 people have obtained documentation for their lands	
9 credit and savings cooperatives have been set up	
170 families have received financial support to release their mortgaged lands and develop sustainable agriculture	
903 beneficiaries have received financial support to start up income-generating activities	
87 traditional social organisations have been reorganised and their members have received training in defending their rights	
Financial contribution 2012	**€500,000**

Cambodia Programme

In 2012, the collaboration between Inditex and Cáritas continued in Cambodia with the signing of a new two-year agreement to the value of €600,000, extending the scope of the community health work in Preah Vihear province.

The programme has directly benefited a total of 25,567 people, with the aim of guaranteeing food safety and promoting a sustainable socio-community development model. In addition, it has contributed to improved healthcare, especially mother-child health and reduction in malnutrition. The intervention model based on empowering and strengthening community structures and their connection with the public health system has enabled the integration of the most vulnerable groups in a process of sustainable development.

Total beneficiaries	**25,567**
Sustainable agriculture	
1,005 farms have ensured their family's food supply by increasing food production and generating income	
10 'model farms' are managing integrated organic agriculture systems and serve as 'farm-schools' for other potential beneficiaries	
Community building	
3,165 families are involved in the savings groups	
785 new beneficiaries of seeds loaned by the community rice bank	
51 new water infrastructure systems have been built and water filters are planned for 699 disadvantaged families	
Mother-child morbidity and mortality have dropped thanks to the under-ones vaccination programme (5,726 children) and improved mother and child nutrition (7,631 beneficiaries)	
Safe maternity has been strengthened through the vaccination of pregnant women (6,528 women), training of community midwives (62 midwives) and the increase in deliveries in professional health centres (1,205)	
Reduction in vitamin A deficiency, through supplementation for 16,273 children, pregnant women and new mothers	
Chronic anaemia has been reduced through iron supplementation campaigns and deparasitation for 15,337 children, pregnant women and new mothers	
Financial contribution 2012	**€300,000**

The Bangladesh programme helps improve the living conditions of a total of 9,215 direct beneficiaries

B Monitoring Programmes

In the context of these programmes, Inditex carries out regular humanitarian assistance programmes for refugees and displaced people, involving both emergency assistance and long-term rehabilitation of communities effected by catastrophes or armed conflicts.

Africa Programme

Inditex and the Entreculturas Foundation, in conjunction with the Jesuit Refugee Service (JRS), have undertaken a three-year programme to help the displaced and returning refugee population in Burundi, Central African Republic, South Sudan and South Africa. More than 190,000 people are benefiting from access to education, teacher training, vocational training, income generation and psycho-social and healthcare. The programme operates along various lines of action:

1. Access to education, creating and facilitating the infrastructure necessary for young people to attend class.
2. Quality education, improving teacher training and syllabuses and providing necessary school materials.
3. Vocational training to facilitate entry into the labour market and provide opportunities to start up small businesses.
4. Social promotion and community development through training and social organisation, promoting peace, healthcare, women's rights, in particular those of young girls, and training for parents.

Total beneficiaries	**47,610**
People receiving school material/furniture	5,430
Schools built/refurbished	6
Children accessing primary/secondary education	3,073
Teachers and community leaders trained	1,858
Credits granted	92
Health kits for girls	6,549
People receiving occupational training	2,844
Medical assistance	1,641
Financial contribution 2012	**€1,551,333**

Colombia Component Programme

At the end of 2012, Inditex renewed the programme with Entreculturas to support the victims of the Colombian conflict, which generates the highest number of displaced people in the world. As well as the work in Colombia, more than 11,800 people on the borders with Ecuador, Panama and Venezuela received assistance through the Jesuit Refugee Service (JRS). The main lines of action covered by the programme are:

1. Assistance and recognition of victims, access to rights, organisation and personal life projects
2. Awareness-raising regarding displacement and refugees

3. Education of children, adolescents and youths, through peace education initiatives, preventing association with the conflict and promoting school attendance/integration

The following estimated impacts, among others are planned:

Total Beneficiaries	**More than 11,000**
More than 11,000 beneficiaries of the programme	
More than 650 children receiving remedial schooling	
580 people receiving legal support	
2,000 persons received psychosocial attention	
Financial contribution 2012	**€333,333**

India programme

Nutritional intervention in the district of Darbhanga

In the district of Darbhanga, in the state of Bihar, Médecins Sans Frontières (MSF), in conjunction with Inditex, have been providing primary and secondary care to meet the medical and nutritional needs of the most vulnerable people: children, women and breastfeeding mothers, in five outpatient clinics and one stabilisation centre.

Assimilation of the advantages of outpatient treatment and the stable presence of MSF in the area has led to the active involvement of families, preventing acute malnutrition as critical as in earlier years.

These activities have focused on quality primary and secondary care, administering medicines, medical materials, therapeutic ready-to-eat foods and preventative work through educational programmes.

Children attended in the nutrition programme
2,524 children were admitted to the nutrition programme

Cure rate
72%

Financial contribution 2012	**€550,000**

Treatment of leishmaniasis in the district of Vaishali

Leishmaniasis is a disease transmitted by insect bite which can cause death if not treated. India has the highest number of people affected by this disease and the state of Bihar is the main focus.

In this context in 2012, MSF, with the support of Inditex, executed a project to fight the disease in Vaishali distict, effectively treating 10,000 patients in five healthcare centres and the district's reference hospital.

Patients treated
A total of 2,700 patients attended MSF facilities for treatment

Information, education and communication activities
A total of 1,122 health education sessions were held for a population of 33,250 people and a high media presence was obtained, with a total of 39 awareness-raising appearances in the year

Financial contribution 2012	**€450,000**

Greece Programme

In 2012, Inditex resumed its support for assistance to undocumented migrants in the European Union through the provision of basic humanitarian medical needs.

The activities executed by MSF focussed on recording and attending to the most basic physical and medical needs of migrants from Asia and Africa through the entry point in Evros (Greece).

Beneficiaries
The number of migrants registered in 2012 was 4,873, of whom 1,790 required medical attention

Distribution of urgent items in Poros
3,425 hygiene kits, 1,148 sleeping bags, 3,067 warm garments and 7,064 basic household goods were distributed

Financial contribution 2012	**€200,000**

Morocco Programme

The project focused on direct medical care to sub-Saharan migrants at the Moroccan border, including urgent care, planned consultations and cooperation in psychosocial activities. Diagnose, consultations, psychological assessment and prevention were also undertaken in mental health.

The work of MSF concentrated on the areas with the highest concentration of migrants seeking refuge in Europe: Oujda, Berkame and Nador.

Number of people accompanied to collaborating health facilities
2,293 people

Number of medical consultations performed
1,950 consultations and 2,365 diagnoses

Number of hygiene kits distributed
6,757 distributed in 10 sessions. Of these, 5,530 were to men, 886 to women and 341 to children

Number of shelter kits distributed
1,730, half in Nador and the other half in Oujda

Financial contribution 2012	**€300,000**

Positive Generation Programme

The funds raised thanks to the Positive Generation music project, in which Inditex was involved in 2011 and 2012, were used mainly to combat the advance of HIV in Zimbabwe, one of the countries with the highest rates of the disease in the world.

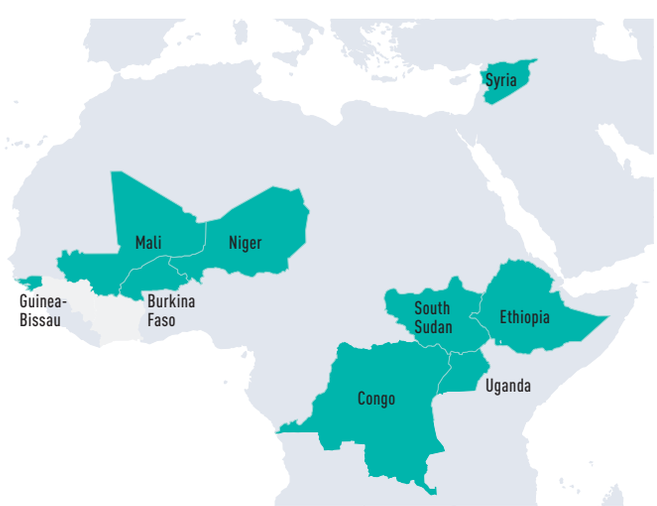
The main activities supported by Inditex in this project were the prevention, attention and treatment of HIV/AIDS and tuberculosis. Special emphasis was placed on the treatment of minors affected by the virus, impeding HIV transmission from mother to child during pregnancy, birth and breastfeeding.

Beneficiaries	
11,786 people underwent an HIV test	
2,168 people initiated anti-retroviral treatment	
833 pregnant women followed mother-to-child virus transmission prevention treatment	
586 babies born to HIV-positive mothers received retroviral prophylaxis	
432 children were admitted to the nutritional programme	
Financial contribution 2012	**€500,000**

C. Emergency Programmes

Inditex develops emergency plans, to alleviate the negative consequences of natural catastrophes occurring anywhere in the world. This participation at scenes of human crisis is established through the following lines of action:

- Emergency aid: short-term aid, consisting of supplying essential goods and services for immediate survival of victims: mainly water, shelter, medical products and health care.
- Humanitarian aid: long-term support for rehabilitation or reconstruction associated with development.



The programmes for health care and access to drinking water and food benefit more than 231,000 people in the Sahel

Humanitarian crisis in the Sahel

Inditex worked with MSF and the Red Cross by providing millions of Euros in funding for various humanitarian projects in the African region of the Sahel, where half the population face situations of extreme poverty and major shortages of health and nutritional material. These projects benefit 231,000 people.

In Mali, where the severe political crisis has forced 300,000 people to flee their homes, Inditex is working on a MSF health project. The project seeks to improve healthcare and increase free access to community health centres, especially for pregnant women and children under 5 years of age. An epidemiological monitoring and health emergency care system will also be implemented.

The collaboration with the Red Cross also extends to two other countries in the region, Burkina Faso and Niger. In the former, the aim of the project is to improve the infrastructures for accessing drinking water in 12 rural communities, as well as distributing basic hygiene kits in refugee camps and to promote community education in this field.

The aid in Niger focusses on increasing the population's capacity to face problems of access to food, by reinforcing agricultural and livestock production and creating cereal banks. Furthermore, health and hygiene materials are provided to local health centres and food training campaigns are held, especially aimed at reducing child malnutrition problems.

Emergency Unit

Inditex continues to support MSF emergency interventions, by renewing its commitment started in 2011. Inditex finances part of the Emergency Unit structure and its decentralised units in Nairobi (Kenya) and Panama, which facilitate the movement of teams and adapted materials in less than 48 hours in response to any humanitarian crisis in any part of the world.

In 2012, the MSF Emergency Unit attended a total of 8 emergencies: Uganda and the Democratic Republic of the Congo (Ebola outbreaks), Syria and Mali (armed conflicts), South Sudan (measles epidemic), Somali refugee campes in Ethiopia and Guinea-Bissau (cholera and risk of violence) and Niger (cholera epidemic).

Through this project, the organisation has halted epidemics such as Ebola haemorrhagic fever and helped populations who are victims of armed conflicts in the earliest stages of the conflict in Syria, where the MSF teams continue to provide emergency, obstetric and primary care, and where, over the last six months of the year, they carried out over 10,000 consultations and 900 operations.

In addition, the Emergency Unit undertook six exploratory missions.

Total interventions
14 actions: 8 interventions and 6 explorations

Beneficiaries
Over 230,000 people

Financial contribution 2012	**€300,000**

D. Social Entrepreneurship Programmes

In 2012, Inditex provided support for social entrepreneurship as a clear priority to contribute to improving the economic situation in Spain. In this context, to complement the creation of direct and indirect employment generated by its operations, Inditex has carried out various activities to promote social entrepreneurship, in conjunction with non-profit organisations, with the aim of helping integrate especially vulnerable people into the labour market.

Job Creation Programme for People at Risk of Social Exclusion

The two year programme of Job Creation for People at Risk of Social Exclusion is a joint Inditex and Cáritas initiative which seeks to contribute to accessing and developing employment through entrepreneurship, and with funding of 2 million euros provided by Inditex.

The programme supports entrepreneurial projects that facilitate the economic and social development of disadvantaged people. During 2012, support was provided for 34 social economy projects, both individual and collective, in the following lines of action:

- Employment enterprises: support for 17 enterprise creation projects in emerging sectors or opening new lines of business
- Social cooperatives: start-up of two associated work cooperatives
- Self-employment: support for four individual entrepreneurial initiatives, with orientation, monitoring and microcredit initiatives
- Training: 11 projects aiming at the qualification of the beneficiaries and the establishment of agreements with the business sector, to subsequently contracting qualified people.

Through the financial support provided, the programme has managed to help these companies grow and start to become financially sustainable through the market, generating the social impact they are looking for.

In this context, Inditex has provided non-returnable funding for the items required to create or resize enterprises in the framework of the above-mentioned lines of action, such as:

- Equipment: investment in the equipment needed to develop the proposal (furniture, installations, computer equipment, investment in technology, etc.).
- Materials and supplies: material needed to develop the activities: consumables, office materials, study publication and editing costs, expenses and materials for skills training, costs of publicising activities, among others, directly related to the actions associated to the proposal.
- Personnel: costs of personnel working directly on the actions of the proposal.
- Infrastructures: new constructions and/or refurbishment of properties owned by the applicant body, justified for development of the project.

For&from programme

The *for&from* programme, parallel to the integration of people with disabilities into the labour market, also aims to contribute to the development of social entrepreneurship in Spain. The project is based on creating an enterprise network based on the model of Inditex brand franchises, characterised by management through social organisations which grow and become financially sustainable through the market. To do this the model is based on the supply of out-of-season clothing sold at very competitive prices by these organisations. Thus, after an initial contribution by Inditex to build the store, the model makes the organisations self-sustaining through the offer of products on the market.

In brief, the programme seeks to facilitate the growth of social entrepreneurs working with people with disabilities to make their companies sustainable and help a highly vulnerable population group, with high rates of unemployment.

More information on the for&from programme in the Sustainability Balance Sheet (page 295)

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E. Network of Universities

Inditex Spanish Culture and Language Chair at the University of Dhaka (Bangladesh)

Inditex Spanish Culture and Language Chair at the University of Dhaka (Bangladesh) was founded through an agreement signed between Inditex and the Universities of Santiago de Compostela and A Coruña in Spain and the University of Dhaka in Bangladesh. Its purpose is to promote Spanish language and culture in Bangladesh and scientific exchange and production in this field, as well as the mobility of students and lecturers between the university institutions.

In 2012 the Chair, with a yearly budget of €463,472 initiated the second Spanish language and culture course, with 230 students.

The Chair has been designated as an examination centre for the Spanish as a Foreign Language Diploma (DELE), the official, universally recognised certificate issued by the Cervantes Institute. The aim is to hold these exams at the University of Dhaka.

In the cultural field, the Chair, in conjunction with the Spanish Embassy, sponsored in October the Bengal Art Foundation and the National Engraving, an exhibition of Goya engravings and the publishing of its catalogue. In the same field, the cycle of lectures and debate on 'Bangladesh speaks Spanish' was initiated. In addition, sessions of Spanish cinema were held monthly by the Chair.

In the scientific field, the Inditex Chair has started working on the preparation of a Spanish-English-Bengali glossary. This project is in conjunction with the Chair's lecturers and the lecturers from the University of Dhaka Modern Languages Centre.

The Inditex-UDC Social Responsibility Chair

The objective of this chair, established in 2010 through the agreement between Inditex and the University of A Coruña, is to promote academic training, applied research and the transfer of results in the field of social responsibility, with government bodies, universities, companies, and not-for-profit entities. Inditex invested €100,000 in this project in 2012. This chair has promoted three main activities: presentation of the second University of A Coruña Social Responsibility Report; the second Social Responsibility Post-graduate course, with the participation as lecturers of more than 40 renowned national and international professionals from the world of social responsibility management; and finally, a line of publications discussing issues related to university transference and social responsibility.

F. Environmental Programmes

The Inditex Group maintains various environmental projects with the aim of reducing the environmental impact of its activity. All of them are part of the Sustainable Inditex plan 2011-2015.

Better Cotton Initiative Project

Since 2011, as part of this initiative, Inditex has financed a cotton growing project in Gujarabi, India. The 461 participating farmers have received advice and training to save water and reduce pesticides and fertilisers in cotton growing. In this way, the initiative is contributing to more efficient management of the most important resources worldwide: water. Responsible use of chemical products prevents negative effects on people's health. The support for these cotton producers has a very positive social and economic impact for these farmers and their families. In the specific case of the Inditex project in Gujarabi alone, this positive impact is benefiting more than 2,300 people.

Seeds Guardians Project

In 2012, Inditex initiated a project with Textile Exchange, which aims to support agricultural cooperatives in Odisha (India), to ensure the self-sustaining supply of organic cotton seeds.

The cooperatives in the Odisha zone are mainly made up of women. During the project's three years, between 40 and 60 women will be trained to conserve seeds banks to produce around 25 varieties of fibre and cotton seeds for organic cultivation.

In addition, the women in the cooperative will train and support other women to save seeds and obtain the skills and abilities to maintain healthy and viable seed banks.

Ensuring the seed supply helps to cut operating costs of women's cooperative in Odisha, thus improving the profitability of their fields and their standard of living. Thanks to this project, around 500 organic cotton-growing families will see their standard of living improve while conserving the local environment's biodiversity.

Roba Amiga Project

Since 2011, Inditex has been working with the Roba Amiga cooperative on a project to improve the management of textile waste in Catalonia. The agreement, lasting three years with funding of €450,000, favours the integration of people at risk or in situations of social exclusion.

Terra Project

In 2012, Inditex continued developing the multi-year agreement with the Government of Galicia in the field of forestry, to which it contributes €100,000 a year. This plan, which covers the years 2011 to 2013 and is the continuation of the agreement signed in 2007, seeks the continual improvement of the genetic quality of the reproduction materials for the main Galician forest species, to produce seed nurseries and new collections of clones to maintain a wide genetic variety and incorporate a degree of improvement in each generation.

Social awareness

For several years, Inditex has taken part in the environmental awareness-raising initiative 'Planet Hour' organised by the WWF. In 2012, as well as Inditex's participation in turning off the lights in the windows of the Group's main stores throughout the world, Pull&Bear has marketed a T-shirt commemorating this initiative. The garment was made of 100% organic cotton and all the profits from its sale were given to funding WWF/ Adena Foundation projects to combat climate change.

G. Sponsorship and Patronage

The Sponsorship and Patronage initiatives cover one-off contributions by both Inditex and the Group's different subsidiaries and brands to non-profit organisations with the aim of helping improve community life locally.

These initiatives are coordinated by the Sponsorship and Patronage Committee, which is made up of the Secretary General and Secretary of the Board, the Director General of Communication and Institutional Relations and the Director of Corporate Social Responsibility.

In 2012, in this modality, the Group invested €8,844,753 both financially and in kind, benefiting 305 non-profit organisations working in the areas of influence of the Group's different companies.

In this sense, most of the projects approved by this committee are initiatives based in Spain and, in some cases, Galicia, reflecting Inditex's links to the territory where its headquarters are based.

Safe to Sea

Among the most important initiatives in 2012, mention should be made of the Safe to Sea (S2S) project. This is a device with GPS technology capable of alerting and geolocating sailors who fall overboard, developed after six years' research by the Scio IT company, in conjunction with the universities of A Coruña and Vigo. Inditex helps by covering 20% of the cost of the device. The goal is to fit the system in 4,000 boats belonging to more than 60 fishermen's associations throughout Galicia, through a gradually applied programme.

Training and innovation

In the context of training, in 2012, Inditex provided support to various training activities, which the Group considers an essential driving force for growth. These include support for different universities, with which it has maintained stable links for some time. This is the case of the Universities of A Coruña, Santiago de Compostela and Vigo. Also worth mentioning are the agreements with the Massachusetts Institute of Technology (MIT) and the Carolina Foundation. In the field of innovation and scientific and technological research, Inditex has worked with the National Central Cardiovascular Research Foundation (PRO-CNIC), the CYD Foundation and the Prince of Girona Foundation.

Culture and sport

The promotion of cultural events and organisations, as well as support for sport, are other pillars to Inditex's sponsorship and patronage activities. In the former case, this support has led to the stable collaboration with the Galicia Symphony Orchestra, the Association of the Friends of Opera of A Coruña, the Reina Sofia Association of Friends of Art and the Royal Toledo Foundation. In the field of sport, Inditex supports the work of promoting grass-roots sport.

Social assistance

Empowering women in disadvantaged situations, the fight against cancer, social reintegration and the work of providing shelter to vulnerable groups are just a few of the examples of the actvities that, in the field of social assistance, Inditex undertook in 2012 as part of its sponsorship and patronage actions.

H. The Social Council

The Social Council is Inditex's advisory body on matters of Corporate Social Responsibility. It is made up of people and institutions which are external and independent to the Group. Its function is to formalise and institutionalise dialogue with intermediaries considered key in civil society where Inditex operates its business model. The Social Council plays an important role in producing the materiality matrix in which it participates along with other stakeholders.

Inditex Social Council Members

Adela Cortina	University of Valencia
Alfred Vernis	Esade Business School
Cecilia Plañiol	Fundación Lealtad
Ezequiel Reficco	University of the Andes
Víctor Viñuales	Fundación Ecología y Desarrollo

Meetings held in 2012

Date held	Venue	% of members attending
06/06/2012	Arteixo (Spain)	80%
05/11/2012	Arteixo (Spain)	80%
10/12/2012	Arteixo (Spain)	60%

www.inditex.com

PERFORMANCE

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RQÜE
UTERQÜE

INVESTORS AND STOCK MARKET INDEXES

Investors Relations

Shareholder body

Inditex shares are represented by means of account annotations. Keeping the register of these annotations is the responsibility of the Management Company for Share Registration, Compensation and Liquidation Systems (Iberclear).

Inditex had 61,003 shareholders according to data from form X-25 which the company requested from Iberclear for the 2011 Ordinary General Shareholders Meeting. Of these 48,703 were individual shareholders and the remainder institutional investors. With the incorporation of significant holdings registered in the Spanish National Securities Market Commission, the approximate overview of shareholder structure is as follows:

Shareholder body	Shares	%
Institutional Investors	233,120,342	37.40%
Individuals	20,609,995	3.31%
Partler 2006 SL	57,872,465	9.28%
Gartler SL	311,727,598	50.01%
Total	**623,330,400**	**100%**

Among its operating principles, Inditex includes compliance with a policy of transparency with communication channels and maintenance of those channels. It guarantees that all of its current and potential shareholders have clear, complete, homogeneous and simultaneous information, adequate for evaluating company management and its economic and financial results. The Rules of the Board set down, in Article 41, a series of measures which regulate the relations with the shareholders.

Shareholders' Office

Any individual shareholder can visit the Shareholders' Office to request detailed information on the performance of the business and future strategy. Through this channel individual shareholders can formulate any request for information that they deem relevant on the performance of Inditex. The Shareholders' Office dealt with more than 1,000 petitions from individual investors during 2012.

The Shareholders' Office takes on special relevance during the period that the General Meeting of Shareholders is called and celebrated. It is traditionally held halfway through July at Inditex's corporate headquarters in Arteixo (A Coruña). Information and documentation is sent specifically to provide shareholders with appropriate knowledge on the convening and content of the General Meeting as well as to facilitate their participation in the process of the taking of decisions by the Group's highest governing body.

Corporate website

The corporate website includes all the relevant information for shareholders and investors and is a vehicle of communication with shareholders, providing them with current information on all significant aspects of the Group. Any user can gain access to the corporate website to view daily and historical share pricing, Inditex annual public reports since 1998, financial information registered in the Spanish National Securities Market Commission (CNMV) via Periodic Public Information, and the financial calendar, among other things.

In 2012, the section on information for shareholders and investors on the corporate website received 535,561 visits. In addition to the corporate website, www.inditex.com, there are Group websites for each of the following store formats:

www.zara.com
www.pullandbear.com
www.massimodutti.com
www.bershka.com
www.stradivarius.com
www.oysho.com
www.zarahome.com
www.uterque.com

Department of Relations with Investors and Analysts

- Some 45 financial and stock-market bodies publish analytical reports relating to Inditex shares. Inditex is Spain's number three company based on the number of analysts covering it.
- Some 12,300 institutional investors, holding 37.40% of corporate capital, play a key role in formation of the share price and liquidity.

Relevant information on the performance of the business is communicated quarterly to the CNMV, to shareholders and the financial community, as well as to the media, with special attention paid to those specializing in economic information. This relevant

information includes the Balance Sheet, P&L Account and Management Report.

This same procedure is followed with information relating to events that affect the performance of the business. This information is accessible immediately on the corporate website and is distributed to a database of investors and analysts with more than 1,200 records.

For institutional investors, Inditex complements this information each quarter with freely accessible multiconferences through internet and telephone, explaining quarterly results and performance of the business.

It is important to mention the presentation of annual results to analysts and investors in London and Madrid, with an audience of some 60 people. The company also holds informative meetings in the principal financial capitals and in visits to corporate facilities.

Activities with institutional investors

a) Road shows

Inditex holds two annual road shows where it presents the results of the first semester (spring-summer season) and the full year (after the autumn-winter season) in the world's principal financial capitals. Over two and a half weeks, the principal investors have access - mainly by means of individual meetings - to the strategic viewpoint of the management team. During these visits direct contact is established with more than 250 investors.

b) Sector Conferences

Other forums for communication with investors are the sector conferences organised by financial institutions. Inditex participates in the principle events held in Europe, each having an average attendance of 50 leading institutional investors.

c) Individual meetings

Apart from the programmed events, large numbers of meetings are held with investors during the year. In the case of specific requests, visits to investors from a certain country or geographical area are also organised. In the past year presentations have been made in the principal financial capitals of Europe, America and Asia to more than 150 institutional investors.

d) Investor visits to corporate facilities

There are also many visits to Inditex facilities from institutional investors. The purpose of these visits is to gain a deeper knowledge of our organisation, its business model, and corporate strategy. Throughout 2012, meetings have been held with approximately 60 institutional investors from all over the world. 200 videoconferences and multiconferences were also held.

Inditex on the stock market Indexes

Euro Stoxx 50

Inditex closed the accounts for the financial year 2012 with a capitalisation of 64,328 million Euros.

Due to the development of its market capitalisation, on 19 September 2011, Inditex became listed on the Euro Stoxx 50, the benchmark index of the largest 50 listed companies in the eurozone. This index is the main reference for global institutional investors regarding investment in the eurozone.

Inditex has, in addition, been listed on the Spanish selective Ibex 35 index since 2 July 2001.

Sustainability indexes

Inditex, for the tenth and eleventh consecutive years, is listed on the *FTSE4Good* Sustainability Indexes and *Dow Jones Sustainability Indexes*, respectively.

Dow Jones Sustainability Indexes (DJSI)

Dow Jones Sustainability Indexes (DJSI) rated Inditex in their 2012 assessment as *Bronze Class* within the *General Retailers* sector to which more than 80 companies belong.

Thus Inditex, member of the DJSI World and DJSI Europe, obtained the following assessment for this index in the last two years:

Inditex Ranking in Down Jones Sustainability Indexes

	2012			2011	
	Inditex Rating (%)	**Average Rating (%)**	**Percentile ranking***	**Inditex Rating (%)**	**Average Rating (%)**
Total	**81**	**44**	**98**	**85**	**48**
Dimensions studied					
Economic	80	45	98	80	49
Environmental	93	43	100	95	44
Social	73	42	93	83	50
Environmental Dimension					
Criteria					
Environmental policy/Management system	100	53	100	95	100
Environmental reporting	88	40	98	89	47
Operational eco-efficiency	86	26	93	94	100
Packaging	95	57	100	95	57
Social Dimension					
Criteria					
Philanthropy	78	20	93	90	28
Human capital development	64	32	80	61	35
Labour practice	80	57	93	74	57
Social reporting	91	36	100	96	46
Commitment to stakeholders	83	56	84	100	59
Talent attraction & retention	57	38	91	59	37

* Percentage of companies in the same industry whose ratings were below that obtained by Inditex.

FTSE4Good

Inditex has been a member of the FTSE4Good for ten years. This stock exchange index of sustainability lists the multinational companies most committed in the area of corporate responsibility. The analysis of the companies who are members of this index is carried out by by Ethical Investment Research Service (EIRiS) and they assess various environmental, social and corporate governance aspects. In the most recent rating, EIRiS gave Inditex an overall rating of 4.3 out of 5.

ECONOMIC AND FINANCIAL REPORT

Deloitte.

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Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see first pages of the notes and Note 33). In the event of a discrepancy, the Spanish-language version prevails.

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Industria de Diseño Textil, S.A.:

We have audited the consolidated financial statements of Industria de Diseño Textil, S.A. (the Parent) and Subsidiaries (the Group), which comprise the consolidated balance sheet at 31 January 2013 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended ("2012"). As indicated in the introduction to the notes to the accompanying consolidated financial statements, the Parent's directors are responsible for the preparation of the Group's consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group. Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.

In our opinion, the accompanying consolidated financial statements for 2012 present fairly, in all material respects, the consolidated equity and consolidated financial position of Industria de Diseño Textil, S.A. and Subsidiaries at 31 January 2013, and the consolidated results of their operations and their consolidated cash flows for the year then ended, in conformity with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group.

The accompanying consolidated directors' report for 2012 contains the explanations which the directors of Industria de Diseño Textil, S.A. consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2012. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of Industria de Diseño Textil, S.A. and Subsidiaries.

DELOITTE, S.L.
Registered in ROAC under no. S0692

Manuel Arranz Alonso
13 March 2013

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª. C.I.F.: B-79104469.
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid.

INDITEX GROUP CONSOLIDATED ANNUAL ACCOUNTS

AT 31 JANUARY 2013

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Appendix I- Composition of the Inditex Group

INDUSTRIA DE DISEÑO TEXTIL, S.A. AND SUBSIDIARY COMPANIES

1. Consolidated income statement

(Amounts in thousands of euros)	Notes	2012	2011
Net sales	(2)	15,946,143	13,792,612
Cost of merchandise	(3)	(6,416,825)	(5,612,216)
GROSS PROFIT		**9,529,318**	**8,180,396**
		59.8%	59.3%
Operating expenses	(4)	(5,604,783)	(4,919,328)
Other expenses and income, net	(5)	(11,578)	(3,396)
GROSS OPERATING PROFIT (EBITDA)		**3,912,957**	**3,257,672**
Amortization and depreciation	(11,12,13)	(796,117)	(735,666)
NET OPERATING PROFIT (EBIT)		**3,116,840**	**2,522,006**
Financial results	(6)	14,129	37,006
PROFIT BEFORE TAXES		**3,130,969**	**2,559,012**
Income tax	(22)	(763,956)	(613,480)
NET PROFIT		**2,367,013**	**1,945,532**
NET PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		6,254	13,244
NET PROFIT ATTRIBUTABLE TO THE PARENT		**2,360,759**	**1,932,288**
EARNINGS PER SHARE, euro cents	**(7)**	**378.7**	**310.0**

2. Consolidated statement of comprehensive income

(Amounts in thousands of euros)	2012	2011
Net profit	**2,367,013**	**1,945,532**
Other comprehensive income		
Translation differences related to foreign operations	(129,503)	47,233
Cash flow hedges	(29,687)	39,915
Other income and expenses recognized directly in equity	0	2,723
Tax effect	8,906	(11,975)
Total comprehensive income for the year	**2,216,729**	**2,023,428**
Total comprehensive income attributable to		
Equity holders of the Parent	2,210,475	2,012,041
Non-controlling interests	6,254	11,387
Total comprehensive income for the year	**2,216,729**	**2,023,428**

INDUSTRIA DE DISEÑO TEXTIL, S.A. AND SUBSIDIARY COMPANIES

3. Consolidated balance sheet

(Amounts in thousands of euros)	Notes	31-01-13	31-01-12
ASSETS			
CURRENT ASSETS		**6,692,150**	**5,437,289**
Cash and cash equivalents	(18)	3,842,918	3,466,752
Current fiancial investments	(18)	260,632	0
Trade and other receivables	(9)	847,608	531,048
Inventories	(10)	1,581,297	1,277,009
Other financial assets	(25)	7,831	50,684
Income tax receivable	(22)	58,936	17,235
Other current assets		92,928	94,561
NON-CURRENT ASSETS		**6,198,166**	**5,521,889**
Property, plant and equipment	(11)	4,662,407	4,063,066
Investment property	(12)	82,567	19,807
Rights over leased assets	(13)	487,474	499,960
Other intangible assets	(13)	125,326	114,148
Goodwill	(14)	207,089	218,094
Financial investments	(15)	3,992	9,501
Deferred tax assets	(22)	382,554	356,372
Other non-current assets	(16)	246,757	240,941
TOTAL ASSETS		**12,890,316**	**10,959,178**
LIABILITIES AND EQUITY			
CURRENT LIABILITIES		**3,485,064**	**2,702,774**
Trade and other payables	(17)	3,243,281	2,475,140
Financial debt	(18)	2,437	686
Other financial liabilities	(25)	73,918	22,880
Income tax payable	(22)	165,428	204,068
NON-CURRENT LIABILITIES		**923,391**	**800,827**
Financial debt	(18)	4,306	1,544
Deferred tax liabilities	(22)	191,654	182,531
Provisions	(19)	144,331	147,318
Other non-current liabilities	(20)	583,100	469,434
EQUITY		**8,481,861**	**7,455,577**
Equity attributable to the Parent		8,445,936	7,414,806
Equity attributable to non-controlling interests		35,925	40,771
TOTAL EQUITY AND LIABILITIES		**12,890,316**	**10,959,178**

INDUSTRIA DE DISEÑO TEXTIL, S.A. AND SUBSIDIARY COMPANIES

4. Consolidated statement of cash flows

(Amounts in thousands of euros)	2012	2011
Profit before taxes and non-controlling interests	**3,130,969**	**2,559,012**
Adjustments to profit		
Amortization and depreciation	810,802	692,621
Foreign exchange translation differences	(14,291)	(29,218)
Provisions for impairment	48,714	41,181
Other	97,584	42,437
Income tax	**(818,160)**	**(693,201)**
Funds from operations	**3,255,619**	**2,612,832**
Variation in assets and liabilities		
Inventories	(376,272)	(56,663)
Receivables and other current assets	(289,198)	(80,100)
Current payables	528,803	(67,408)
Changes in working capital	**(136,666)**	**(204,171)**
Cash flows from operating activities	**3,118,952**	**2,408,661**
Investments in intangible assets	(122,362)	(121,807)
Investments in property, plant and equipment	(1,192,590)	(1,081,867)
Acquisition of investments in companies	-	(105,718)
Acquisition of other financial investments	-	(12,597)
Investments in other assets	(23,908)	(26,747)
Changes in current financial investments	(260,632)	-
Cash flows from investing activities	**(1,599,492)**	**(1,348,736)**
Collections/(Payments) relating to non-current financial debt	3,913	(23,223)
Collections/(Payments) relating to non-current non-financial debt	-	(107)
Collections/(Payments) relating to current financial debt	750	(14,212)
Dividends	(1,129,769)	(1,003,877)
Other financing activities	-	617
Cash flows used in financing activities	**(1,125,105)**	**(1,040,803)**
Net increase in cash and cash equivalents	394,355	19,122
Cash and cash equivalents at the beginning of the year	3,466,752	3,433,452
Effect of exchange rate fluctuations on cash and cash equivalents	(18,190)	14,178
Cash and cash equivalents at the end of the year	**3,842,918**	**3,466,752**

INDUSTRIA DE DISEÑO TEXTIL, S.A. AND SUBSIDIARY COMPANIES

5. Consolidated statement of changes in equity

	Equity attributable to the Parent									
(Amounts in thousands of euros)	Capital	Share premium	Retained earnings	Other reserves	Treasury shares	Translation differences	Cash flows	Subtotal	Non-controlling interests	Total equity
Balance at 1 February 2011	**93,500**	**20,379**	**6,305,323**	**54,489**	**(617)**	**(67,868)**	**(19,023)**	**6,386,183**	**36,984**	**6,423,167**
Profit for the year	-	-	1,932,288	-	-	-	-	1,932,288	13,244	1,945,532
Transfers	-	-	-	-	-	-	-	-	(874)	(874)
Other comprehensive income for the year	-	-	4,580	-	-	47,233	27,941	79,754	(1,857)	77,896
Translation differences related to foreign operations	-	-	-	-	-	47,233	-	47,233	-	47,233
Cash flow hedges	-	-		-	-	-	27,941	27,941	-	27,941
Other income and expenses recognized directly in equity	-	-	4,580	-	-	-	-	4,580	(1,857)	2,723
Operations with equity holders or owners	-	-	(984,035)	-	617	-	-	(983,418)	(6,725)	(990,143)
Share-based payments			13,117		617			13,734	-	13,734
Dividends	-	-	(997,152)	-	-	-	-	(997,152)	(6,725)	(1,003,877)
Balance at 31 January 2012	**93,500**	**20,379**	**7,258,155**	**54,489**	**-**	**(20,635)**	**8,918**	**7,414,806**	**40,771**	**7,455,577**
Balance at 1 February 2012	**93,500**	**20,379**	**7,258,155**	**54,489**	**-**	**(20,635)**	**8,918**	**7,414,806**	**40,771**	**7,455,577**
Profit for the year	-	-	2,360,759	-	-	-	-	2,360,759	6,254	2,367,013
Other movements	-	-	(57,350)	-	-	-	-	(57,350)	(3,327)	(60,677)
Other comprehensive income for the year	-	-	-	-	-	(129,503)	(20,781)	(150,284)	-	(150,284)
Translation differences related to foreign operations	-	-	-	-	-	(129,503)	-	(129,503)	-	(129,503)
Cash flow hedges	-	-	-	-	-	-	(20,781)	(20,781)	-	(20,781)
Operations with equity holders or owners	-	-	(1,121,995)	-	-	-	-	(1,121,995)	(7,774)	(1,129,769)
Dividends	-	-	(1,121,995)	-	-	-	-	(1,121,995)	(7,774)	(1,129,769)
Balance at 31 January 2013	**93,500**	**20,379**	**8,439,569**	**54,489**	**-**	**(150,138)**	**(11,863)**	**8,445,936**	**35,925**	**8,481,861**

6. Consolidated annual accounts of the Inditex Group at 31 january 2013

The consolidated annual accounts of the Inditex Group for 2012 were prepared by the directors on 12 March 2013 and will be submitted for approval at the corresponding annual general shareholders' meeting, and it is considered that they will be approved without any changes. The consolidated annual accounts for 2011 were approved by the annual general shareholders meeting held on 17 July 2012.

These annual accounts have been prepared in accordance with the International Financial Reporting Standards (IFRSs) and their interpretations (IFRICs and SICs) adopted by the European Union (EU-IFRSs) and other applicable financial reporting regulations.

Inditex's financial year and that of most of its subsidiaries starts on 1 February of each year and ends on 31 January

of the following year. The twelve-month period ended 31 January 2012 will hereinafter be referred to as "2011", the period ended 31 January 2013 as "2012", and so on.

Unless otherwise stated, the amounts shown in these consolidated annual accounts are expressed in thousands of euros.

The consolidated annual accounts are presented in euros, since the euro is the Group's functional currency.

The separate annual accounts of the Parent (Inditex) for 2012 have been prepared by the board of directors in a separate document to these consolidated annual accounts.

These consolidated annual accounts present fairly the consolidated equity, financial position and changes in equity of the Inditex Group at 31 January 2013, as well as the results of its operations and cash flows for the year then ended.

The consolidated annual accounts of the Inditex Group for 2012 have been prepared on the basis of the accounting records of Inditex and the other Group companies.

These consolidated annual accounts have been prepared on a historical cost basis, except for derivative financial instruments, which are stated at fair value.

In preparing the consolidated annual accounts at 31 January 2013 estimates were made in order to measure certain of the assets, liabilities, income, expenses and obligations reported herein. These estimates relate basically to the following:

- The assessment of possible impairment losses on certain assets.
- The useful life of the property, plant and equipment, intangible assets and investment property.
- The fair value of certain assets, mainly financial instruments.
- The assumptions used in the actuarial calculation of the pension liabilities and other obligations to employees.
- The calculation of the provisions required for contingencies relating to litigation in progress and doubtful debts.
- The recoverability of deferred tax assets.

Although these estimates were made on the basis of the best information available at 31 January 2013 and 2012, events that take place in the future might make it necessary to change these estimates in coming years. Changes in accounting estimates would be applied prospectively in accordance with the requirements of IAS 8.

The bases of consolidation and accounting policies applied are disclosed in note 31.

6.1. Activity and description of the Group

Industria de Diseño Textil, S.A. ("Inditex"), domiciled in Spain (Avenida de la Diputación s/n Edificio Inditex, Arteixo, A Coruña), is the Parent of a group of companies, the principal activity of which consists of the distribution of fashion items, mainly clothing, footwear, accessories and household textile products. Inditex carries out its activity through various commercial formats such as Zara, Pull & Bear, Massimo Dutti, Bershka, Stradivarius, Oysho, Zara Home and Uterqüe. Inditex is listed on all four Spanish stock exchanges and, together with its subsidiary companies, comprises the Inditex Group ("the Group").

Each format's commercial activity is carried out through chains of stores managed directly by companies in which Inditex holds all or the majority of the share capital, with the exception of certain countries where, for various reasons, the retail selling activity is performed through franchises. Certain franchise agreements entered into by the Group include purchase options which, if exercised, would entitle the Group to lease the premises in which the franchised stores operate and the assets associated with these stores. These options may be exercised after a certain period of time has elapsed since the signing of the franchise agreement.

Inditex's business model is characterized by the search for flexibility in adapting production to market demand by controlling the supply chain throughout the various stages of design, manufacture and retailing. This enables it to focus both its own and suppliers' production on changes in market trends during each sales campaign.

The Group's logistics system is based on constant deliveries from the distribution centers of the various commercial formats to stores throughout each season. This system essentially operates through centralized logistics centers for each concept in which inventory is stored and distributed to stores worldwide.

At 31 January 2013 the various Group formats had stores in 86 countries, as follows:

Number of stores

	Company managed	Franchises	Total
Spain	1,894	36	1,930
Rest of Europe	2,407	137	2,544
Americas	380	102	482
Rest of the world	565	488	1,053
Total	**5,246**	**763**	**6,009**

At 31 January 2012, the geographical distribution of stores was as follows:

Number of stores

	Company managed	Franchises	Total
Spain	1,898	34	1,932
Rest of Europe	2,199	115	2,314
Americas	349	76	425
Rest of the world	408	448	856
Total	**4,854**	**673**	**5,527**

The majority of stores premises are held under operating leases. Information on the main terms of lease contracts is provided in note 23.

6.2. Sales

Sales in the consolidated income statement include amounts received from the sale of goods and income from rentals, royalties and other services rendered in the ordinary course of the Group's business, net of VAT and other sales taxes.

Details for 2012 and 2011 are as follows:

	2012	2011
Net sales in company-managed stores	14,470,197	12,601,344
Net sales to franchises	1,301,381	1,050,371
Other sales and services rendered	174,565	140,897
Total	**15,946,143**	**13,792,612**

6.3. Cost of sales

Details for 2012 and 2011 are as follows:

	2012	2011
Raw materials and consumables	6,721,113	5,674,602
Change in inventories	(304,288)	(62,386)
Total	**6,416,825**	**5,612,216**

Raw materials and consumables mainly include amounts relating to the acquisition from or production by third parties of products held for sale or conversion, and other direct expenses related to the acquisition of goods.

6.4. Operating expenses

The detail of "Operating Expenses" and of the changes therein is as follows:

	2012	2011
Personnel expenses	2,547,710	2,234,178
Operating leases (note 23)	1,529,705	1,398,732
Other operating expenses	1,527,368	1,286,418
Total	**5,604,783**	**4,919,328**

At 31 January 2013, the Group had a total of 120,314 employees, of whom 93,607 were women and 26,707 were men (109,512 employees at 31 January 2012, of whom 86,144 were women and 23,368 were men). Note 26 (employee benefits) provides additional information on personnel expenses.

The detail by category is as follows:

	Gender		
Categories	**W**	**M**	**Total**
Manufacturing and logistics	3,848	4,480	8,328
Central services	5,212	3,263	8,475
Stores	84,547	18,964	103,511
Total	**93,607**	**26,707**	**120,314**

Lease expenses relate mainly to the rental, through operating leases, of the Group's commercial premises. Note 23 provides more detailed information on the main terms of these leases, together with the related minimum future payment obligations.

"Other operating expenses" includes mainly expenses relating to store operations, logistics and general expenses, such as electricity, commissions on credit and debit card payments, travel, decoration expenses, communications and all kinds of professional services.

6.5. Other net operating income/(losses)

This caption includes all operating expenses and income other than those associated with the Group's commercial and logistics activity, which are included under "Operating expenses" in the consolidated income statement, as described in the previous note.

This caption includes mainly changes in the prices of the debts recognized as a result of the existence of cross call and put options between the Group and the owners of some of the shares of certain of the subsidiaries, since these cross options are considered to be a deferred acquisition of the shares constituting the underlying (see note 20). These changes in prices arise basically as a result of the fact that the prices are tied to the number of stores operated, equity and the profit or loss of the subsidiaries in question.

Following is a description of the main cross put and call options on those investments:

a) Subsidiaries domiciled in Mexico

The Group holds call options on 5% of the share capital of Zara México, S.A. de C.V., on 3% of the share capital of Bershka México, S.A. de C.V., on 1.5% of the share capital of Oysho México, S.A. de C.V., on 1.5% of the share capital of Pull & Bear México, S.A. de C.V., on 1.5% of the share capital of Zara Home México, S.A. de C.V. and on 2% of the share capital of Massimo Dutti México, S.A. de C.V. owned by a non-controlling shareholder.

b) Subsidiaries domiciled in Korea

The Group holds a call option on 20% of the share capital of Zara Retail Korea, Ltd. This ownership interest is held by Lotte Shopping Co., Ltd., which in turn holds an option to sell the full amount of this holding to Industria de Diseño Textil, S.A.

c) Subsidiaries domiciled in South Africa

The Group holds a call option on 10% of the share capital of ITX Fashion Retail South Africa (Proprietary), LTD. This ownership interest is held by Peter Vundla Retail (Propietary), LTD, which in turn holds an option to sell the full amount of this holding to Industria de Diseño Textil, S.A.

d) Subsidiaries domiciled in Australia

The Group holds a call option on 20% of the share capital of Group Zara Australia, PTY. LTD. This ownership interest is held by International Brand Management, PTY. LTD., which in turn holds an option to sell the full amount of this holding to Industria de Diseño Textil, S.A.

6.6. Financial results

Details of "Financial results" in the consolidated income statements for 2012 and 2011 are as follows:

	2012	2011
Interest income	23,762	30,237
Foreign exchange gains	17,775	24,315
Dividends	-	147
Total revenues	**41,537**	**54,699**
Interest expenses	(2,849)	(3,672)
Other finance costs	(7,671)	(10,186)
Foreign exchange losses	(16,888)	(3,835)
Total expenses	**(27,408)**	**(17,693)**
Total	**14,129**	**37,006**

Financial income and expenses mainly comprise interest accrued on the Group's financial assets and liabilities during the year (see note 18). Net foreign exchange differences are principally due to fluctuations in the currencies with which the Group operates (see note 25) between the time when income, expenses, acquisitions or disposals of assets are recognized and when the corresponding assets or liabilities are realized or settled under applicable accounting principles.

6.7. Earnings per share

Basic earnings per share were calculated by dividing net profit for the year attributable to the Parent by the weighted average number of ordinary shares outstanding during the year, excluding the average number of treasury shares held by the Group (see note 21), which totaled 623,330,400 in 2012 and 623,227,952 in 2011.

Diluted earnings per share is calculated based on profit attributable to the holders of equity instruments of the Company and a weighted average number of ordinary shares outstanding after adjustment for the dilution effect of all potential ordinary shares. No transactions in the accompanying consolidated annual accounts have a potential dilution effect on earnings per share.

6.8. Segment reporting

The principal activity of the Inditex Group comprises the retail distribution of clothing, footwear, accessories and household textile products through various commercial format stores aimed at different targeted sectors of the public.

The origin and predominant nature of the risks and rewards of the Inditex Group's business units correspond to operating segments, as these risks and rewards are mainly influenced by the fact that each cash-generating unit belongs to a particular commercial format. The internal organization of the Inditex Group, the decision-making process and the system for communicating information to the board of directors and group management are organized by commercial format and geographical areas.

Los cuadros siguientes muestran la información por segmentos correspondiente a Grupo Inditex.

FY 2012

	Zara	Bershka	Other	Total
Sales to third parties	10,541,032	1,485,454	3,919,657	15,946,143
Segment EBITDA	2,233,444	239,129	644,267	3,116,840
Amortization and depreciation	504,695	77,963	213,460	796,117
Segment total assets	8,284,111	1,005,768	3,600,437	12,890,316
ROCE	37%	51%	46%	39%
Number of stores	**1,925**	**885**	**3,199**	**6,009**

FY 2011

	Zara	Bershka	Other	Total
Sales to third parties	8,937,545	1,316,477	3,538,590	13,792,612
Segment EBITDA	1,725,303	158,801	637,902	2,522,006
Amortization and depreciation	469,691	80,326	185,649	735,666
Segment total assets	7,078,692	823,776	3,056,710	10,959,178
ROCE	32%	38%	56%	37%
Number of stores	**1,830**	**811**	**2,886**	**5,527**

Zara was the first chain created by the Inditex Group and its leading position is based on its fashion offering, with a wide range of products.

Bershka is aimed at the younger consumers and its aim is to offer the latest fashion at affordable prices.

The segment result refers to the operating result (EBIT) of the segment. Income and expenses which are considered corporate in nature or as belonging to the group of segments as a whole have been assigned to each segment in accordance with criteria considered reasonable by Group management.

Return on Capital Employed (ROCE) is defined as the ratio between the segment's result for the year (EBIT) and the average capital employed (equity and, where applicable, net financial debt).

Geographical reporting

In the presentation of information by geographical segment, revenue is based on the geographical location of customers and segment assets are based on the geographical location of assets. Non-current segment assets do not include deferred tax assets.

Sales

	2012	2011
Spain	3,549,885	3,754,572
Other	12,396,258	10,038,040
Rest of Europe	7,633,136	6,414,737
Americas	2,168,918	1,650,355
Asia and rest of the world	2,594,204	1,972,948
Total	**15,946,143**	**13,792,612**

Non-current assets

	31/01/13	31/01/12
Spain	2,172,661	2,035,680
Other	3,642,951	3,129,836
Rest of Europe	2,344,091	1,987,675
Americas	584,429	521,101
Asia and rest of the world	714,431	621,060
Total	**5,815,612**	**5,165,516**

6.9. Trade and other receivables

Details at 31 January 2013 and 2012 are as follows:

	31/01/13	31/01/12
Trade receivables	150,226	106,003
Receivables due to sales to franchises	147,116	110,061
Public entities	499,342	261,959
Other current receivables	50,924	53,025
Total	**847,608**	**531,048**

Trade receivables are mainly customer debit/credit card payments pending collection.

Part of the Group's activity is carried out through franchised stores (see note 1). Sales to franchisees are made under agreed collection terms, which are partially secured as described in note 25.

Balances receivable from public entities comprise VAT and other taxes and duties incurred by Group companies in the countries in which they operate.

Other current receivables include items such as rental incentives due from shopping center developers (see note 23) and outstanding balances on sundry operations, largely advances from creditors to sales representatives.

6.10. Inventories

Details at 31 January 2013 and 2012 are as follows:

	31/01/13	31/01/12
Raw materials and consumables	62,150	42,614
Goods in process	29,237	25,804
Finished goods for sale	1,489,910	1,208,592
Total	**1,581,297**	**1,277,009**

The Group contracts insurance policies to cover the potential risk of damage to its inventories.

6.11. Property, plant and equipment

Details of property, plant and equipment in the accompanying consolidated balance sheet and related changes are as follows:

	Land and buildings	Leasehold improvements, furniture and machinery	Other plant and equipment	Work in progress	Total
Cost					
Balance at 01/02/2011	786,725	5,491,846	265,096	86,825	6,630,492
Acquisitions	202,713	596,507	50,619	352,181	1,202,020
Acquisitions of new companies	100	69,145	962	454	70,661
Disposals	(13,069)	(176,513)	(24,187)	(4,158)	(217,926)
Transfers	47,807	58,850	1,918	(55,028)	53,548
Foreign exchange translation differences	4,028	51,507	1,555	13,109	70,199
Balance at 31/01/2012	**1,028,305**	**6,091,341**	**295,964**	**393,384**	**7,808,993**
Balance at 01/02/2012	1,028,305	6,091,341	295,964	393,384	7,808,993
Acquisitions	152,123	980,570	52,014	218,280	1,402,987
Disposals	(2,323)	(315,064)	(39,066)	(16,261)	(372,713)
Transfers	298,638	105,115	5,782	(402,755)	6,781
Foreign exchange translation differences	(12,754)	(95,815)	(3,273)	1,870	(109,973)
Balance at 31/01/2013	**1,463,989**	**6,766,147**	**311,421**	**194,518**	**8,736,075**
Depreciation					
Balance at 01/02/2011	70,531	2,905,874	176,461	-	3,152,866
Depreciation charge for the year	95,773	459,417	32,545	-	587,735
Acquisitions of new companies	572	34,214	1,445	-	36,231
Disposals	(8,182)	(139,447)	(23,407)	-	(171,036)
Transfers	9,811	18,602	(23,610)	-	4,803
Foreign exchange translation differences	5,148	14,973	541	-	20,662
Balance at 31/01/2012	**173,652**	**3,293,634**	**163,975**	**-**	**3,631,261**
Balance at 01/02/2012	173,652	3,293,634	163,975	-	3,631,261
Depreciation charge for the year	29,970	610,044	38,769	-	678,784
Disposals	(3,465)	(258,274)	(32,945)	-	(294,684)
Transfers	4,528	(1,751)	(56)	-	2,721
Foreign exchange translation differences	(479)	(38,988)	(1,693)	-	(41,160)
Balance at 31/01/2013	**204,206**	**3,604,666**	**168,049**	**-**	**3,976,921**
Impairment losses (note 31.2-g)					
Balance at 01/02/2011	-	80,543	-	-	80,543
Depreciation charge for the year	-	70,317	-	-	70,317
Applications	-	(29,364)	-	-	(29,364)
Disposals	-	(6,829)	-	-	(6,829)
Transfers	-	-	-	-	0
Foreign exchange translation differences	-	-	-	-	0
Balance at 31/01/2012	-	**114,667**	**-**	**-**	**114,667**
Balance at 01/02/2012	-	114,667	-	-	114,667
Depreciation charge for the year	-	35,555	-	-	35,555
Applications	-	(28,854)	-	-	(28,854)
Disposals	-	(26,012)	-	-	(26,012)
Transfers	-	1,391	-	-	1,391
Balance at 31/01/2013	**-**	**96,747**	**-**	**-**	**96,747**
Carrying amount					
Balance at 31/01/2012	**854,653**	**2,683,040**	**131,989**	**393,384**	**4,063,066**
Balance at 31/01/2013	**1,259,784**	**3,064,735**	**143,371**	**194,518**	**4,662,407**

Additions to land and buildings in 2012 include the investment for the acquisition of premises in London housing the flagship Zara store in Bond Street and the investment made to expand the corporate headquarters in Arteixo (A Coruña, Spain), a project expected to be completed in 2013. The most significant additions in 2011 relate to the investments made to acquire the premises housing world flagship Zara stores on Fifth Avenue in New York and Corso Vittorio Emanuele in Milan.

"Other plant and equipment" includes, inter alia, information technology equipment and motor vehicles.

The impairment charge for the year corresponds to valuation adjustments relating to plant and equipment in stores, the amount of which is determined on the basis of the budget for 2013 and estimated growth in sales and expenses for the following two years in the business plan. The estimated cash flows for the period not covered by this plan are extrapolated taking into account forecast growth for comparable stores over the rest of the lease term.

Also, sensitivity analyses were performed in relation to reasonably possible changes in the main fair value estimates and the results did not vary significantly.

Disposals comprise mainly assets related to the commercial premises at which the Group carries on its commercial activities.

Fully depreciated items of property, plant and equipment include certain items, mainly machinery, fixtures and furniture, with a gross cost value of euros 1,474,245 thousand and euros 1,163,605 thousand at 31 January 2013 and 31 January 2012, respectively.

Through its corporate risk management policy, the Group identifies, assesses and controls damage and liability-related risks to which the Group companies are exposed. It does this by compiling and measuring the main risks of damage, loss of profits and liability affecting the Group and implements prevention and protection policies aimed at reducing the frequency and intensity of these risks.

Likewise, standard measurement criteria are established at corporate level which enable the different risk risks to which the Group is exposed to be quantified, measured and insured.

Lastly, the Group takes out insurance policies through corporate insurance programs to protect its assets from risk and establishes limits, excesses and conditions according to the nature of such risk and the financial relevance of the company concerned.

6.12. Investment property

Investment property mainly relates to premises and other properties leased to third parties. The changes in this caption during 2012 and 2011 were as follows:

Cost	**31/01/13**	**31/01/12**
Opening balance	28,536	24,925
Acquisitions	70,154	9,678
Transfers	(11,638)	(6,067)
Closing balance	**87,052**	**28,536**
Depreciation		
Opening balance	8,729	7,571
Depreciation charge for the year	677	1,158
Transfers	(4,921)	-
Closing balance	**4,485**	**8,729**
Net carrying value	**82,567**	**19,807**

The total market value of the investment property at 31 January 2013 was approximately euros 83,000 thousand. The period additions relate mainly to the non-commercial portion of the property acquired in 2012 described in note 11.

In 2012 euros 3,178 thousand (euros 1,390 thousand in 2011) of rental income on these properties were included under "Net sales – Other sales and services rendered" (see note 2) in the consolidated income statement.

6.13. Rights over leased premises and other intangible assets

"Rights over leased premises" include amounts paid in respect of leasehold assignment, access premiums or tenancy right waivers and indemnities in order to lease commercial premises.

The payments for these rights are attributable to the leased assets and the related cost is allocated to profit or loss in accordance with the terms and conditions of the leases over the lease term.

"Other intangible assets" include amounts paid for the registration and use of Group brand names, industrial designs of items of clothing, footwear, accessories and household goods created during the year and the external cost of software applications.

Details of other intangible assets and changes during 2012 and 2011 are as follows:

	Rights over leased premises	Patents and similar intangibles	Software	Other intangible assets	Total
Cost					
Balance at 01/02/2011	880,296	28,474	33,573	2,127	944,470
Acquisitions	61,588	2,728	19,891	83,445	167,652
Acquisitions of new companies	4,795	-	3	25,082	29,880
Disposals	(8,456)	(10,638)	(1,958)	(564)	(21,616)
Transfers	(42,355)	-	447	(4)	(41,912)
Foreign exchange translation differences	4,436	-	215	3	4,654
Balance at 31/01/2012	900,304	20,564	52,171	110,089	1,083,129
Balance at 01/02/2012	900,304	20,564	52,171	110,089	1,083,129
Acquisitions	59,239	2,476	18,111	49,815	129,640
Disposals	(26,729)	(7)	(803)	(1,513)	(29,053)
Transfers	(1,155)	-	54	-	(1,101)
Foreign exchange translation differences	(13,966)	-	(581)	(3)	(14,550)
Balance at 31/01/2013	**917,693**	**23,033**	**68,951**	**158,389**	**1,168,066**
Amortization					
Balance at 01/02/2011	349,671	18,782	14,587	1,361	384,401
Amortization charge for the year	48,856	1,688	7,797	37,036	95,377
Acquisitions of new companies	3,202	-	1	-	3,203
Disposals	(7,449)	(10,618)	(1,618)	(553)	(20,238)
Transfers	(1,511)	-	-	-	(1,511)
Foreign exchange translation differences	1,162	-	211	4	1,377
Balance at 31/01/2012	393,932	9,852	20,978	37,848	462,610
Balance at 01/02/2012	393.932	9.852	20.978	37.848	462.610
Amortization charge for the year	43,369	1,803	10,660	44,742	100,574
Disposals	(18,144)	(4)	(435)	-	(18,585)
Transfers	(1,235)	-	4	-	(1,231)
Foreign exchange translation differences	(5,173)	-	(396)	(4)	(5,574)
Balance at 31/01/2013	**412,748**	**11,650**	**30,811**	**82,586**	**537,794**
Impairment losses (note 31.2-g)					
Balance at 01/02/2011	4,319	-	-	-	4,319
Charge for the year	2,092	-	-	-	2,092
Amounts charged to profit or loss	-	-	-	-	0
Disposals	-	-	-	-	0
Transfers	-	-	-	-	0
Balance at 31/01/2012	6,411	-	-	-	6,411
Balance at 01/02/2012	6,411	-	-	-	6,411
Impairment charge for the year	11,060	-	-	-	11,060
Balance at 31/01/2013	**17,472**	**-**	**-**	**-**	**17,472**
Carrying amount					
Balance at 31/01/2012	**499,961**	**10,712**	**31,193**	**72,241**	**614,108**
Balance at 31/01/2013	**487,474**	**11,383**	**38,140**	**75,803**	**612,800**

The Group capitalized euros 7,661 thousand in 2012 (euros 9,903 thousand in 2011) corresponding to software development activities that meet the requirements for capitalization under IAS 38. The Group also capitalized euros 49,734 thousand (euros 81,956 in 2011) in respect of industrial designs that meet the requirements for capitalization under IAS 38.

6.14. Goodwill

The detail of "Goodwill" in the consolidated balance sheet and of the changes therein in 2012 and 2011 is as follows:

	2012	2011
Opening balance	218,094	131,685
Acquisitions	-	86,409
Disposals	(2,933)	-
Foreign exchange translation differences	(8,072)	-
Closing balance	**207,089**	**218,094**

Investee	**2012**	**2011**
Stradivarius España, S.A.	53,253	53,253
BCN Diseños, S.A. de C.V.	13,301	15,523
Zara Polska, S.p. Zo.o.	34,744	35,940
Zao Zara CIS	16,579	19,822
Pull&Bear CIS	428	428
Stradivarius CIS	6,336	6,719
Zara Serbia, D.O.O. Belgrade	4,643	5,198
Pull & Bear Serbia, D.O.O. Belgrade	772	865
Massimo Dutti Serbia, D.O.O. Belgrade	929	1,040
Bershka Serbia, D.O.O. Belgrade	898	1,006
Stradivarius Serbia, D.O.O. Belgrade	810	907
Oysho Serbia, D.O.O. Belgrade	540	605
Inditex Montenegro, D.O.O. Podgorica	2,577	2,577
UTC Benelux, N.V.	0	2,933
Massimo Dutti Benelux, N.V.	19,921	19,921
Italco Moda Italiana, LDA.	51,357	51,357
Closing balance	**207,089**	**218,094**

The goodwill corresponding to Stradivarius España, S.A. was generated upon acquisition of this company in 1998 and is stated at its carrying amount at 1 February 2004, the date of transition to EU-IFRSs.

The goodwill corresponding to BCN Diseños, S.A. de C.V. was generated upon acquisition of the holder of the franchise rights to the Massimo Dutti format in Mexico in 2004.

In 2005 Inditex acquired the Polish company formerly called Young Fashion Sp. Zo.o. (now Zara Polska S.p. Zo.o), which until then held the franchise rights to Zara in that country.

In 2006 Inditex acquired 100% of the share capital of the Russian company formerly known as Zao Stockmann-Kranoselskaya (currently Zao Zara CIS), which until then held the franchise rights to Zara in that country.

In 2007 Inditex acquired the companies which held the franchise rights to the Pull & Bear and Stradivarius formats in Russia, thus generating goodwill of euros 428 thousand and euros 6,719 thousand, respectively.

In 2011 the Group acquired the companies that until then had held the franchise rights to the Zara, Pull&Bear, Massimo Dutti, Bershka, Stradivarius and Oysho formats in Serbia and Montenegro, the Massimo Dutti format in Portugal and Belgium and the Uterqüe format in Belgium, giving rise to the goodwill shown in the accompanying table.

Goodwill arising from the acquisition or termination of franchise contracts is equal to the value of intangible assets that did not meet with the requirements established in IFRS 3 for separate recognition. These requirements were essentially related to the capacity of the assets to generate future cash flows.

The recovery of the goodwill is adequately guaranteed through the profitability of the acquired companies, whose future cash flows support their carrying amount at year end (note 31.2-g). This recoverable amount is calculated based on the 2013 budget and the business plan for the following years, which is prepared taking into account expected performance for comparable stores and the expansion plan associated with the units under analysis.

Also, sensitivity analyses were performed in relation to reasonably possible changes in the main fair value estimates and the recoverable amount is higher than the related carrying amount.

6.15. Financial investments

The detail of these captions in the consolidated balance sheet and of the changes therein in 2012 and 2011 is as follows:

	Investment securities	Investments in EIGs	Loans and other credit facilities	Total
Balance at 01/02/2011	5,679	2,021	1,221	8,921
Acquisitions	100	539	9	648
Disposals	(68)	-	-	(68)
Balance at 31/01/2012	**5,711**	**2,560**	**1,230**	**9,501**
Balance at 01/02/2012	5,711	2,560	1,230	9,501
Disposals	-	(520)	(34)	(554)
Impairment losses	(4,955)	-	-	(4,955)
Balance at 31/01/2013	**756**	**2,040**	**1,196**	**3,992**

Non-current investment securities correspond mainly to a stake in Banco Gallego.

The investment in Economic Interest Groupings (EIGs) comprises Inditex's shareholding in five economic interest groupings (10 at 31 January 2012), the activity of which is the leasing of assets managed by a separate, non-group entity which retains most of the profits and is exposed to the risks associated with this activity. These groupings have applied the fiscal incentives established in prevailing Spanish legislation (see note 22), the effect of which is shown under "Income tax" in the consolidated income statement.

6.16. Other non-current assets

The detail of this caption in the consolidated balance sheet and of the changes therein in 2012 and 2011 is as follows:

	Guarantees	Other	Total
Balance at 01/02/2011	193,196	20,229	213,425
Acquisitions	31,316	2,798	34,114
Acquisitions of new companies	9	-	9
Disposals	(14,089)	(520)	(14,609)
Profit/(Loss) for the year	(159)	(2,541)	(2,700)
Transfers	(225)	217	(8)
Foreign exchange translation differences	10,371	338	10,709
Balance at 31/01/2012	**220,420**	**20,521**	**240,941**
Balance at 01/02/2012	220,420	20,521	240,941
Acquisitions	28,641	6,353	34,994
Disposals	(10,786)	(300)	(11,086)
Profit/(Loss) for the year	(395)	(3,593)	(3,988)
Transfers	1,745	896	2,641
Foreign exchange translation differences	(15,892)	(853)	(16,745)
Balance at 31/01/2013	**223,734**	**23,023**	**246,757**

Guarantees are mainly amounts deposited with landlords of leased commercial premises to ensure compliance with the conditions stipulated in lease contracts (see note 23).

6.17. Trade and other payables

The detail of this caption in the consolidated balance sheet in 2012 and 2011 is as follows:

	31/01/13	31/01/12
Trade payables	2,240,095	1,838,088
Personnel	256,713	178,456
Public entities	545,007	353,570
Other current payables	201,466	105,026
Total	**3,243,281**	**2,475,140**

The following table shows the information on average payment periods required by Law 15/2012, of 5 July, amending Law 3/2004, of 29 December:

Amounts paid and payable at 31/01/2013

	Thousands of euros	%
Paid in the maximum payment period	2,258,024	98%
Remainder	54,781	2%
Total payments made in the year	**2,312,805**	**100%**
Weighted average period of late payment	58	
Payments at year-end not made in the maximum payment period	0	

Amounts paid and payable at 31/01/2012

	Thousands of euros	%
Paid in the maximum payment period	1,923,139	95%
Remainder	110,093	5%
Total payments made in the year	**2,033,232**	**100%**
Weighted average period of late payment	33	
Payments at year-end not made in the maximum payment period	0	

* PMPE Weighted average period of late payment

This information relates to and creditors of Group companies domiciled in Spain. The maximum payment period applicable to the Spanish Group companies in 2012 was 75 days, and has been 60 days since 1 January 2013.

In addition, it is the Group's policy not to make payments if for any reason the quality of the goods or services is lower than expected or agreed upon once they have been received until the situation is rectified.

6.18. Net financial position

Details of "Cash and cash equivalents" on the asset side of the consolidated balance sheets are as follows:

	31/01/13	31/01/12
Cash in hand and at banks	2,583,249	1,218,931
Short-term deposits	435,167	595,315
Fixed-income securities	824,502	1,652,506
Total cash and cash equivalents	**3,842,918**	**3,466,752**

Cash in hand and at banks includes cash on hand and demand deposits in financial institutions. Short-term deposits and fixed income securities comprise term deposits and money market investment funds that are used to acquire highly liquid, fixed income securities with average weighted maturity of less than 90 days, a high credit rating and which are convertible to known amounts of cash and are subject to an insignificant risk of changes in value. All the balances under this caption are unrestricted as to their use and there are no guarantees or pledges attaching to them.

"Current financial investments" on the asset side of the consolidated balance sheet relates mainly to investments in money market investment funds and fixed-income securities, with weighted average maturities ranging from 90 days to 12 months, all of which have high credit ratings and are highly liquid.

Details of Group bank loans and borrowings and obligations under finance leases are as follows:

31/01/2013

	Current	Non-current	Total
Loans	2,033	3,708	5,741
Credit facilities	-	-	-
Finance leases	284	592	876
Other financial debt	120	6	126
	2,437	**4,306**	**6,743**

31/01/2012

	Current	Non-current	Total
Loans	431	718	1,149
Credit facilities	-	-	-
Finance leases	255	781	1,036
Other financial debt	-	45	45
	686	**1,544**	**2,230**

At 31 January 2013 the Group had a limit of euros 2,984,991 thousand on its credit facilities (euros 2,923,554 thousand at 31 January 2012).

Interest on all the financial debt is negotiated by the Group on the respective financial markets and usually consists of a monetary market index plus a spread in line with the solvency of the Parent or the subsidiary that has arranged the debt.

Financial debt is denominated in the following currencies:

	31/01/2013	31/01/2012
Euro	165	1,149
Other European currencies	89	255
Other currencies	6,489	826
	6,743	**2,230**

The maturity of the Group's bank loans and borrowings at 31 January 2013 and 2012 is as follows:

	31/01/2013	31/01/2012
Less than one year	2,437	686
Between one and five years	4,306	1,544
	6,743	**2,230**

6.19. Provisions

The detail of this caption in the consolidated balance sheet and of the changes therein in 2012 is as follows:

	Pensions and similar obligations with personnel	Liability	Other provisions	Total
Balance at 01/02/2012	38,205	95,361	13,752	147,318
Provisions recorded during the year	4,773	20,862	3,506	29,141
Disposals	(4,164)	(4,642)	(233)	(9,039)
Transfers	(15,980)	(4,045)	2,221	(17,804)
Foreign exchange translation differences	(320)	(2,143)	(2,823)	(5,286)
Balance at 31/01/2013	**22,515**	**105,393**	**16,423**	**144,331**

Provision for pensions and similar obligations with personnel

Certain group companies have undertaken to settle specific obligations with personnel. The Group has a provision to cover the liability corresponding to the estimated vested portion of these obligations at 31 January 2013.

Provision for liability

The Group is exposed to certain contingencies because of its international presence. The amounts shown here correspond to current obligations from legal claims or constructive obligations deriving from past actions which include a probable outflow of resources that has been reliably estimated. At the date of preparation of these consolidated accounts, there were no legal proceedings whose final outcome could significantly affect the Company's equity position.

The directors of Inditex consider that the provisions recorded in the consolidated balance sheet adequately cover risks deriving from litigation, arbitration and other contingencies and do not expect any liabilities additional to those recognized to arise therefrom.

6.20. Other non-current liabilities

The detail of this caption in the consolidated balance sheet and of the changes therein in 2012 and 2011 is as follows:

	Options with shareholders	Lease incentives	Other	Total
Balance at 01/02/2011	12,836	357,627	24,112	394,575
Acquisitions	1,085	89,564	687	91,336
Changes through profit or loss	3,396	(21,782)	870	(17,516)
Disposals	-	(780)	(12,103)	(12,883)
Transfers	(8,839)	21,461	(107)	12,515
Foreign exchange translation differences	(1,662)	3,029	41	1,408
Balance at 31/01/2012	**6,816**	**449,118**	**13,500**	**469,434**
Balance at 01/02/2012	6,816	449,118	13,500	469,434
Acquisitions	-	176,945	179	177,124
Changes through profit or loss	2,967	(89,668)	27,578	(59,123)
Disposals	-	(187)	(1,051)	(1,238)
Transfers	(4,352)	17,487	(6,500)	6,635
Foreign exchange translation differences	(221)	(9,382)	(130)	(9,733)
Balance at 31/01/2013	**5,211**	**544,312**	**33,578**	**583,100**

The transfer from "Options with shareholders" relates to the reclassification to short term of the value of the options corresponding to Korea, South Africa and Mexico because they had become exercisable at the reporting date.

The additions to "Options with shareholders" with a charge to profit or loss were recognized under "Other losses and income, net" (euros 9,976 thousand in 2012 and euros 3,396 thousand in 2011) (see note 5).

6.21. Capital and reserves

Share capital

At 31 January 2013 and 2012, the Parent's share capital amounted to euros 93,499,560 and was represented by 623,330,400 registered shares of euros 0.15 par value each, subscribed and fully paid. All shares are of a single class and series, carry the same voting and dividend rights and are represented by book entries.

The Parent's share premium at 31 January 2013 and 2012 amounted to euros 20,379 thousand, while retained earnings totaled euros 2,640,312 thousand and euros 2,346,845 thousand, respectively. The Parent's legal reserve, amounting to euros 18,700 thousand, has been appropriated in compliance with article 274 of the Spanish Companies Act, which requires that companies transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of share capital. The legal reserve is not distributable to shareholders and if it is used to offset losses, in the event that no other reserves are available, the reserve must be replenished with future profits. At 31 January 2013 and 2012, the Parent had appropriated to this reserve the minimum amount required by the Spanish Companies Act.

Of the total consolidated reserves at 31 January 2013, the restricted reserves amount to euros 355,628 thousand (euros 281,429 thousand at 31 January 2012), due mainly to local legal restrictions which limit their distribution.

Inditex shares are listed on the four Spanish stock exchanges. As shares are represented by book entries and the Company therefore does not maintain a record of shareholders, it is not possible to accurately know the share structure of the Company. According to public information registered with the Spanish Stock Exchange Commission, at 31 January 2013 the members of the board of directors owned, directly or indirectly, 59.37% of the Parent's share capital, compared to 59.36% at 31 January 2012 (see note 29). Gartler, S.L. held 50.010% of the shares of INDITEX (50.010% at 31 January 2012).

Dividends

Dividends distributed by the Parent during 2012 and 2011 amounted to euros 1,121,995 thousand and euros 997,152 thousand, respectively. These amounts correspond to earnings of 1.80 euro cents per share in 2012 (1.60 euro cents in 2011).

The distribution of profit proposed by the board of directors is shown in note 28.

Treasury shares

Inditex did not hold ant treasury shares at 31 January 2013.

6.22. Income taxes

With the exception of Industria de Diseño Textil, S.A., Indipunt, S.L. and Tempe, S.A., the companies whose information is included in these consolidated annual accounts file individual tax returns.

Industria de Diseño Textil, S.A. is the parent of a group of companies that files consolidated tax returns in Spain. The consolidated tax group is composed of Industria de Diseño Textil, S.A., the Parent, and Spanish subsidiaries which comply with prevailing tax legislation for filing consolidated tax returns. The subsidiaries that comprise this tax group are the following:

Bershka BSK España, S.A.	Lefties España, S.A.	Stear, S.A.
Bershka Diseño, S.L.	Lefties Logística, S.A.	Stradivarius Diseño, S.L.
Bershka Logística, S.A.	Massimo Dutti Diseño, S.L.	Stradivarius España, S.A.
Choolet, S.A.	Massimo Dutti Logística, S.A.	Stradivarius Logística, S.A.
Comditel, S.A.	Massimo Dutti, S.A.	Tordera Logísitica, S.L.
Confecciones Fíos, S.A.	Nikole, S.A.	Trisko, S.A.
Confecciones Goa, S.A.	Nikole Diseño, S.L.	Uterqüe DIseño, S.L.
Denllo, S.A.	Oysho Diseño, S.L.	Uterqüe España, S.A.
Fashion Logistics Forwarders, S.A.	Oysho España, S.A.	Uterqüe Logística, S.A.
Fashion Retail España, S.A.	Oysho Logística, S.A.	Uterqüe, S.A.
Fibracolor, S.A.	Plataforma Cabanillas, S.A.	Zara Diseño, S.L.
Glencare, S.A.	Plataforma Europa, S.A.	Zara España, S.A.
Goa-Invest, S.A.	Plataforma Logística León, S.A.	Zara Home Diseño, S.L.
Grupo Massimo Dutti, S.A.	Plataforma Logística Meco, S.A.	Zara Home España, S.A.
Hampton, S.A.	Pull & Bear Diseño, S.L.	Zara Home Logística, S.A.
Inditex, S.A.	Pull & Bear España, S.A.	Zara Logística, S.A.
Inditex Logística, S.A.	Pull & Bear Logística, S.A.	Zara, S.A.
Kiddy´s Class España, S.A.	Samlor, S.A.	Zintura, S.A.

Indipunt, S.L. is the parent of another tax group formed by it and the subsidiary Indipunt Diseño, S.L.

Also, Tempe, S.A. is the parent of the tax group formed with its subsidiaries Tempe Diseño, S.L. and Tempe Logística, S.A.

"Income tax payable" in the consolidated balance sheet corresponds to the 2012 income tax provision, net of withholdings and payments on account made during the period. "Trade and other payables" includes the liability deriving from the other applicable taxes.

"Income tax receivable" in the consolidated balance sheet essentially corresponds to amounts recoverable from the tax authorities. "Trade and other receivables" in the consolidated balance sheet includes mainly the amount by which the input VAT exceeded output VAT.

Industria de Diseño Textil S. A. holds a 49% stake in one Economic Interest Grouping, a 50% stake in two Economic Interest Groupings, and a 49.5% stake in two other Economic Interest Groupings. These Groupings lease assets as their activity. They requested from the tax authorities, and were granted, tax incentives in accordance with income tax legislation.

The aforementioned operations have given rise to positive and negative adjustments to taxable income mentioned above, which have been treated as permanent differences. A euros 2,278 thousand tax credit for investments (euros 10,184 thousand in 2011) was also applied for these operations. In 2012 the cost of the investment was adjusted by euros 251 thousand (euros 2,328 thousand in 2011) and a deferred tax liability was reduced by euros 4,200 thousand (euros 6,338 in 2011). The effects of these adjustments are recognized in the income tax expense account, representing, in total, a reduction in the expense of euros 292 thousand (euros 4,009 thousand in 2011).

The income tax expense comprises both current and deferred tax. Current tax is the amount of income taxes payable in respect of the taxable profit for the year. Deferred tax is the amount of income taxes payable or recoverable in future years and arises from the recognition of deferred tax assets and liabilities.

The income tax expense comprises the following:

	2012	2011
Current taxes	791,743	719,949
Deferred taxes	(27,787)	(106,469)

A reconciliation of the income tax expense under the prevailing Spanish general income tax rate to "Profit before tax" and the expense recorded in the consolidated income statement for 2012 and 2011 is as follows:

	2012	2011
Consolidated accounting income before taxes	3,130,969	2,559,012
Income tax expense at tax rate prevailing in the country of the Parent company	939,291	767,704
Net permanent differences:		
Individual companies	(109,380)	(97,892)
Consolidation adjustments	591	38,386
Effect of tax rates in foreign jurisdictions	(98,246)	(86,646)
Capitalization of prior years' losses and credits	(2,380)	206
Adjustment to prior years' taxes	(2,921)	31,431
Withholding and other adjusments	60,968	(2,862)
Adjustments to deferred tax assets and liabilities	(4,871)	(12,324)
Use of tax losses previously not recognised	(945)	
Tax credits and benefits	(18,151)	(24,523)
Income tax expense	**763,956**	**613,480**

Permanent differences mainly correspond to non-deductible expenses, the allocation of taxable income to EIGs and the portion attributable to taxable income related to a contribution of rights to use certain assets to a subsidiary and the exemption of income from permanent establishments abroad.

Temporary differences are the difference between the carrying amount of an asset or liability and its tax base. The consolidated balance sheet at 31 January 2013 reflects the deferred tax assets and liabilities at that date.

Details of "Deferred tax assets" and "Deferred tax liabilities" in the accompanying consolidated balance sheet are as follows:

Deferred tax assets:	**2012**	**2011**
Provisions	43,671	50,656
Amortisation	80,212	65,114
Lease incentives	21,424	19,107
Valuation adjustments relating investees	54,830	41,019
Tax losses	53,242	48,432
Intragroup transactions	91,534	81,264
Other	37,641	50,780
Total	**382,554**	**356,372**

Deferred tax liabilities:	**2012**	**2011**
Leasing operations	2,875	1,970
Intragroup transactions	43,217	35,094
Amortisation	57,799	43,624
Valuation adjustments relating to investees	47,469	46,392
Reinvestment of profits	3,957	3,957
Other	36,336	51,494
Total	**191,653**	**182,531**

Movement in deferred tax assets and liabilities in 2012 and 2011 is as follows:

	Deferred tax assets	**Deferred tax liabilities**
Balance at 01/02/2012	356,372	182,531
Charge/credit to income statement	(44,445)	16,658
Charge/credit to reserves	18,263	(7,536)
Balance at 31/01/2013	**382,554**	**191,653**

These balances have been determined based on tax rates which, according to enacted tax legislation, will be in force during the years in which the balances are expected to reverse and which, in certain cases, differ from the tax rates prevailing in the current year.

Certain companies forming part of the consolidated Group have reserves which could be taxable if distributed. These consolidated annual accounts include the tax effect of those cases in which a firm decision has been taken to distribute reserves.

As permitted by the prevailing tax legislation in each country, Group companies took tax credits amounting to euros 18,151 thousand in 2012 (euros 24,523 thousand at 31 January 2011). These tax credits and tax relief relate mainly to investments and, to a lesser extent, to other tax benefits.

At 31 January 2013, the Group had tax losses of euros 208,713 thousand (euros 186,140 thousand at 31 January 2012) which may be offset against future profits, the majority of which may be utilized indefinitely. Deferred tax assets in respect of tax losses are recognized when there is evidence that future taxable profits will be available against which the asset can be utilized.

Certain foreign subsidiaries are undergoing tax inspections, including most notably those domiciled in the US, Greece and France. The Group does not expect that significant additional liabilities will arise as a result of these inspections or those that could be carried out in the future in relation to periods that have not yet expired.

Lastly, the years open to inspection by the tax authorities for the main applicable taxes vary depending on the tax legislation in each country. No liabilities with a significant effect on the Group's equity or results are expected to arise in the event of an inspection of the years open to inspection.

6.23. Operating leases

Most of the commercial premises from which the Group carries out its retail distribution activities are leased from third parties. These leases are classified as operating leases since, irrespective of the lease term and the amounts paid or due to the owners of the leased premises, there is no transfer of risks and rewards inherent to ownership.

Due to the presence of the Group in various different countries, the variety of legislation governing lease contracts, the diverse nature and economic status of the owners and other factors, there is a broad range of clauses regulating leases contracts.

In many cases the lease contracts simply establish a fixed rental payment, normally monthly, adjusted for inflation based on a price index. In other cases the amounts payable to the lessor are a percentage of the sales obtained by the Group in the leased premises. These variable lease payments or contingent rent may have minimum guaranteed amounts or certain rules of calculation attached. In some countries lease contracts are periodically indexed to market rates, which on occasion entails an increase in rent, but rent is not reduced when market rates fall. Occasionally, staggered rental payments are agreed, which means cash outflows can be reduced during the initial years of the use of commercial premises, although the expense is recognized on a straight-line basis (see note 31.2-q). Free rental periods are also frequently established in order to avoid having to pay rent when premises are being refurbished and prepared for opening.

Lease contracts also sometimes require lessees to pay certain amounts to the lessor, which, from an accounting perspective, could be considered advance rental payments, or to the previous tenants so that they waive certain rights or transfer them to the Group (leasehold assignment rights or different types of indemnities). These amounts are recognized as non-current assets (see note 13) and are generally amortized over the term of the lease contract.

On certain occasions, shopping center developers or the proprietors of leased premises make contributions towards the establishment of the Group's business in their premises. These contributions are treated as lease incentives (see note 20) and are taken to income over the lease term.

A wide variety of situations also apply to the duration of lease contracts, which generally have an initial term of between 15 and 25 years. However, legislation in certain countries or the situations in which lease contracts are typically used means the duration of contacts is sometimes shorter. In some countries, legislation or the lease contracts themselves protect the right of the lessee to terminate the contract provided that sufficient advance notice (e.g. three months) is given. In other cases, however, the Group is obliged to see out the full term of the contract, or at least a significant part thereof. Some contracts combine these obligations with get-out clauses that may only be exercised at certain times over the term of the contract (e.g. every five years or at the end of the tenth year).

Details of operating lease expenses are as follows:

	2012	2011
Minimum installments	1,333,311	1,179,864
Contingent installments	205,592	218,868
	1,538,903	**1,398,732**
Sub-leasing income	5,960	5,301

Future minimum payments under non-cancelable operating leases are as follows:

Lease payments 2012		
Less than one year	One to five years	Over five years
930,731	**1,496,517**	**752,524**

Lease payments 2011		
Less than one year	One to five years	Over five years
854,274	**1,288,930**	**679,401**

6.24. Finance leases

The Group has contracted finance leases mainly for commercial premises. The corresponding leased assets are recorded under property, plant and equipment in the consolidated balance sheet (see note 11), while the related debt is recognized as a financial liability (see note 18).

The Group has the option of purchasing the commercial premises for a nominal amount at the end of the lease term.

The annual interest rates implicit in all the obligations, under the finance leases, are established at the inception of the lease and are in line with those in the related country and currency in which the lease has been entered into.

The leases in force do not envisage the charging of common expenses, future increases in the CPI or future contractual lease payment revisions. At 31 January 2013 and 2012, there was no contingent rent recognized as an expense in the consolidated income statement.

The carrying amount of items held under finance leases and the future amounts payable until the leases expire are as follows:

	31/01/2013	31/01/2012
Cost of the asset	2,120	36,515
Accumulated depreciation	(1,087)	(13,077)
	1,033	**23,438**

Finance leases

	31/01/2013	31/01/2012
Less than one year	284	255
One to five years	592	781
	876	**1,036**

6.25. Risk management and financial instruments

Financial risk management policy

The Group's activities are exposed to various financial risks: market risk (including foreign currency risk), credit risk, liquidity risk, and interest rate risk related to cash flows. The Group's risk management policy centers on the uncertainty of financial markets and attempts to minimize the potential adverse effects on the Group's profitability through the use of certain financial instruments as described below.

This note provides information on the Group's exposure to each of the aforementioned risks, the Group's objectives, policies and processes for managing risk, the methods used to measure these risks and any changes from the previous year.

Foreign currency risk

The Group operates in an international environment and, accordingly, is exposed to foreign currency risk, particularly relating to the US dollar and, to a lesser extent, the Mexican peso, the Russian ruble, the Chinese renminbi, the Japanese yen and the pound sterling. Foreign currency risk arises on future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

Foreign currency risk is managed in line with Group management guidelines, which establish, mainly, the arrangement of financial or natural hedges, ongoing monitoring of fluctuations in exchange rates and other measures designed to mitigate this risk.

In 2012, had the value of the euro increased by 10% compared to the US dollar and, as a result, compared to the rest of the foreign currencies linked to the US dollar, all other things being equal, consolidated profit after income tax would have been approximately euros 84,591 thousand lower, and had the value of the euro dropped by 10%, consolidated profit after income tax would have been approximately euros 88,141 thousand higher, primarily because of the translation of subsidiaries' annual accounts expressed in currencies other than the euro and the impact of merchandise purchases in US dollars.

Credit risk

The Group is not exposed to significant concentrations of credit risk as policies are in place to cover sales to franchises and retail sales comprise the vast majority of revenue. Collections are primarily made in cash or through credit card payments.

The Group adopts prudent criteria in its investment policy the main objectives of which are to reduce the credit risk associated with investment products and the

counterparty risk associated with financial institutions by establishing highly detailed analysis criteria.

Investment vehicles are rated using a selection of criteria, including, ratings from the three main rating agencies, the size of the investment vehicle, location and returns. All the investment vehicles have the maximum credit rating.

In relation to the counterparty risk associated with financial institutions, the Group selects a minimum credit rating of A from the various rating agencies, a minimum TIER capital ratio pursuant to Basel III and also assesses other factors during the selection process.

Similarly, maximum limits are established for the various counterparties in order the meet the objective of ensuring diversification.

In relation to credit risk arising from commercial transactions, impairment losses are recognized for trade receivables when objective evidence exists that the Group will be unable to recover all the outstanding amounts in accordance with the original contractual conditions of the receivables. These impairment losses are calculated as the difference between the carrying amount and the present value of future estimated cash flows discounted at the effective interest rate and are recognized in the income statement. The net impairment losses recognized during the year in respect of value adjustments to the balances recorded under this caption amount to euros 309 thousand (net reversals of euros 19,005 thousand in 2011) and correspond to doubtful trade receivables.

At 31 January 2013 and 2012 no significant outstanding balances existed. Furthermore, based on available historical data, the Group does not consider it necessary to make valuation adjustments to receivables which are not past due. The fair value of the receivables is equal to their carrying amount.

The main financial assets of the Group are shown under Financial Instruments: other information.

Liquidity risk

The Group is not exposed to significant liquidity risk, as it maintains sufficient cash and cash equivalents to meet the outflows of normal operations. In the event the Group requires financing, either in euros or in other currencies, it reverts to loans, credit facilities or other types of financial instruments (see note 18).

Details of financial liabilities are disclosed in note 18, along with their expected maturities.

Interest rate risk

Interest rate fluctuations affect the fair value of assets and liabilities which accrue a fixed rate of interest, as well as future cash flows from assets and liabilities tied to a floating interest rate. Group exposure to this risk is not significant for the reasons mentioned above.

The Group does not have any financial assets or liabilities at fair value through profit or loss or interest rate financial derivatives. Given the Group's investment policy, any changes in interest rates at year-end would not significantly affect consolidated profits.

Capital management

The Group's capital management objectives are to safeguard the Group's ability to continue operating as a going concern so that it can continue to generate returns for shareholders, benefit other stakeholders and maintain an optimum capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments thereto in response to changes in economic conditions. No significant changes to capital management were made during the year.

Neither the Parent nor the Inditex Group subsidiaries are subject to strict capital management criteria.

Financial instruments

Merchandise and goods for resale are partly acquired from foreign suppliers in US dollars. In accordance with prevailing foreign currency risk policies, Group management arranges derivatives, mainly forward contracts, to hedge cash flow fluctuations related with exchange rates.

Occasionally the Group instruments its hedges through financial investments owned by it.

Certain Group subsidiaries are granted internal financing denominated in currencies other than the euro. In accordance with prevailing foreign currency risk policies, derivatives are arranged, mainly forward contracts and swaps, to hedge cash flow fluctuations related with exchange rates.

Moreover, and as described in note 31.2.o, the Group applies hedge accounting to mitigate the volatility that the existence of significant foreign currency transactions would have on the consolidated income statement. Hedge accounting is used because the Group meets the requirements described in note 31.2.o on accounting policies to be able to classify financial instruments as accounting hedges. More specifically, these financial instruments have been formally designated as hedges and it has been observed that the hedges are highly effective.

The expiry dates of hedging instruments have been negotiated so that they coincide with the expiry dates of the hedged items. In 2012 there were no transactions to which hedge accounting was applied which did not occur, and no significant amounts were taken to the consolidated income statement due to the ineffectiveness of these hedges.

At 31 January 2013 and 2012, the Group had arranged derivatives, basically forward contracts on future purchases in US dollars. The fair value of these derivatives is recognized under "Other financial assets" or "Other financial liabilities" depending on the related balance.

Details of forward purchases in US dollars are as follows:

Currency	Sale/Purchase	EUR/USD
Fair value (thousands of €)	31/01/13	(51,035)
	31/01/12	50,684
Notional value (thousands of USD)	31/01/13	1,546,688
	31/01/12	1,832,556
Average number of remaining months	31/01/13	5.29
	31/01/12	5.45

Also, as part of the risk management policy, the Group designates as hedged items financial assets recognized under "Current financial investments", since the related derivatives qualify for hedge accounting.

The Group arranged hedges for the Mexican peso in 2012 (nominal value of MXP 51,797 thousand at 31 January 2012).

The fair value of forward currency contracts has been calculated using measurement techniques based on the spot exchange rate and interest rate curves (level 2).

Approximately 60% of the cash flows associated with hedges in US dollars are expected to be generated during the six months subsequent to year-end, while the remaining 40% is expected to be generated between six months to a year. It is also likely that the impact on consolidated profit and loss will arise during these periods.

Financial instruments: other information

The main financial assets held by the Group, other than cash and cash equivalents and derivative financial instruments, comprise loans and receivables related to the Group's principal activity and guarantees in relation to the lease of commercial premises, which are shown under other non-current assets. The main financial assets of the Group are as follows:

	2012	2011
Cash and cash equivalents	3,842,918	3,466,752
Current financial investments	260,632	-
Trade receivables	150,226	106,003
Receivable due to sales to franchises	147,116	110,061
Other current receivables	50,924	53,025
Guarantees	223,734	220,420
Total	**4,675,551**	**3,956,262**

The financial liabilities of the Group mainly comprise debts and payables on commercial transactions.

The fair value of financial assets and liabilities measured at amortized cost does not differ substantially from their carrying amount, taking into account that in the majority of cases collection or payment is made in the short term. In 2012, no significant financial asset impairment was recognized.

6.26. Employee benefits

Defined benefit or contribution plan obligations

In general, the Group has no defined benefit or contribution plan obligations to its employees. However, in line with prevailing labor legislation or customary employment practice in certain countries, the Group assumes certain obligations related with the payment of specific amounts for accidents, illness, retirement, etc., to which employees sometimes contribute. The associated risk is partially or fully externalized through insurance policies.

Furthermore, in some countries employees receive a share of the profits generated by Group companies. The liabilities associated with these items are recognized under "Trade and other payables" and "Other non-current liabilities" in the consolidated balance sheet. The impact of these obligations on the consolidated income statement and the consolidated balance sheet is not significant.

Long-term incentive plan

In 2010 Inditex' board of directors authorized a long-term incentive plan for members of the management team and other personnel from Inditex and its Group of companies. By complying with the terms of the plan, each beneficiary is entitled to receive an incentive up to a designated maximum.

The plan started on 1 February 2010 and ended on 31 January 2013. Incentives were divided into an initial payment for the period ended 31 January 2012 and a final payment for the period ended 31 January 2013.

The liability for long-term incentives is recognized under "Payables" in the consolidated balance sheet and under "Operating expenses" in the consolidated income statement. The impact of these obligations on the consolidated income statement and the consolidated balance sheet is not significant.

6.27. Interests in joint ventures

Inditex has a 50% stake in the group formed by the parent Tempe, S.A. and its subsidiaries Tempe México,

S.A. de C.V., Tempe Brasil, S.A., Tempe Logística, S.A., Tempe Diseño, S.L., Tempe Trading and Inditex Asia, Ltd. The principal activity of these companies is the design, supply and distribution of footwear to Inditex Group companies, their main customer. The assets, liabilities, income and expenses of the joint ventures that have been consolidated are as follows:

	2012	2011
Non-current assets	85,555	87,657
Current assets	257,847	164,866
Non-current liabilities	(15,982)	(7,451)
Current liabilities	(183,028)	(108,326)
Net assets	**144,392**	**136,746**
Revenues *	612,492	501,005
Expenses	(478,162)	(386,652)

* Revenue from third parties other than the Group: euros 75,100 thousand and euros 65,000 thousand in 2012 and 2011, respectively.

6.28. Proposed distribution of the profit of the Parent

The directors will propose that euros 1,371,327 thousand of 2012 net profit of the Parent, which is the maximum amount distributable, be distributed as an ordinary dividend of euros 1.90 per share and an extraordinary gross dividend of euros 0.30 per share on the total of 623,330,400 ordinary shares, and that euros 44,135 thousand be taken to voluntary reserves.

6.29. Remuneration of the board of directors and transactions with related parties

Remuneration of the board of directors

Remuneration received by the board of directors and senior management during 2012 is shown in the section on transactions with related parties.

Other information concerning the board of directors

According to the public registers of the Spanish Stock Exchange Commission (CNMV), at 31 January 2013 the members of the board of directors held the following direct and indirect investments in the share capital of Inditex:

Name or company name of director	Number of direct shares	Number of indirect shares	Percentage of capital
Mr Pablo Isla Álvarez de Tejera	361,064	-	0.058%
Mr Amancio Ortega Gaona	-	369,600,063[1]	59.294%
Mr José Arnau Sierra	6,000		0.001%
GARTLER, S.L.	311,727,598	-	50.010%
Ms Irene R. Miller	13,240	-	0.002%
Mr Nils Smedegaard Andersen	7,000	-	0.001%
Mr Carlos Espinosa de los Monteros Bernaldo de Quirós	40,000	-	0.006%
Mr Emilio Saracho Rodríguez de Torres	-	-	-
Mr Juan Manuel Urgoiti López de Ocaña	27,739	-	0.004%
Total			59.37%

[1]Through Gartler, S.L. and Partler 2006, S.L.

As required by article 229 of the Spanish Companies Act, the following are companies outside the consolidated Inditex Group with a statutory activity which is identical, similar or complementary to that of Inditex and in which members of its board of directors or persons related thereto hold investments or management positions.

Board member	Name of Company	Post
Nils Smedegaard Andersen	Dansk Supermarked	Chairman
Nils Smedegaard Andersen	A.P. Moller-Maersk A/S	Group CEO
Irene Miller	Coach Inc.	Director

It should also be noted that the members of the board of directors or persons related thereto do not hold ownership interests of more than 0.1% in the share capital of those companies.

Transactions with related parties

Related parties are subsidiaries, joint ventures and associates, details of which are shown in Appendix I to the consolidated annual accounts, as well as significant or controlling shareholders, members of the board of directors of Inditex and senior management of the Inditex Group, as well as their close relatives, as defined in Article 2.3 of Spanish Ministry of Economy and Finance Order EHA/3050/2004, of 15 September, on information on related-party transactions that issuers of securities on official secondary markets must disclose. All amounts are expressed in thousands of euros.

Inditex Group companies

Details of operations between Inditex and other Group companies not performed in the ordinary course of

business of the Company in terms of their objective and continues or which have not been completely eliminated in the consolidation process as they are proportionately consolidated are as follows.

Type of company	2012	2011
Jointly controlled companies	(352,258)	(338,953)
Group companies	(518,240)	-

Details of operations with significant shareholders, the members of the board of directors and management are as follows:

Significant shareholders

During 2012, operations carried out by the Inditex Group with the controlling shareholder, Gartler, S.L., or with persons or companies related thereto, or with Partler 2006, S.L. and with other related persons were as follows:

2012:

Nature of relationship	Type of operation	Amount
Contractual	Lease of assets	(25,344)
Contractual	Lease of assets	161
Contractual	Other expenses	(20)
Contractual	Product sales	177
Contractual	Services rendered	87

2011:

Nature of relationship	Type of operation	Amount
Contractual	Lease of assets	(23,221)
Contractual	Lease of assets	155
Contractual	Guarantees provided	(92)
Contractual	Other expenses	(20)
Contractual	Services rendered	14,846

Several group companies have leased commercial premises belonging to companies related to the controlling shareholder. Most of these lease contracts were signed prior to 1994 and expire between 2014 and 2016.

Members of the board of directors and management

The following tables show the remuneration and termination benefits received by the directors and management of Inditex in 2012:

An itemized breakdown of the remuneration of the members of the board of directors is as follows:

	Type	Remuneration of board members	Remuneration of Deputy Chairman of board of directors	Remuneration for membership of other boards of directors	Remuneration for chairing Committees	Fixed remuneration	Variable remuneration	Total 2012
Mr. Pablo Isla Álvarez de Tejera	Executive	100	-	-	-	3,268	3,112	6,480
Mr. José Arnau Sierra	Propietary	64	43	54	-	-	-	161
Mr.Carlos Espinosa de los Monteros Bernaldo de Quirós	Independent	100	37	140	50	-	-	327
Ms. Irene R.Miller	Independent	100	-	100	43	-	-	243
Mr.Nils Smedegaard Andersen	Independent	100	-	100	-	-	-	200
Mr.Emilio Saracho Rodríguez de Torres	Independent	100	-	100	-	-	-	200
Mr.Juan Manuel Urgoiti López de Ocaña	Independent	100	-	100	7	-	-	207
GARTLER, S.L .(1)	Propietary	100	-	-	-	-	-	100
Mr. Amancio Ortega Gaona	Propietary	100	-	-	-	-	-	100
		864	**80**	**594**	**100**	**3,268**	**3,112**	**8,018**

Amounts in thousands of euros
(1) represented by Ms Flora Pérez Marcote

The following table shows the remuneration and termination benefits received by the management of the Inditex Group:

Management	2012
Remuneration	14,094
Termination benefits	-

Also, the following tables show the remuneration and termination benefits received by the directors and management of Inditex in 2011:

An itemized breakdown of the remuneration of the members of the board of directors in 2011 is as follows:

	Type	Remuneration of board members	Remuneration of Deputy Chairman of board of directors	Remuneration for membership of other boards of directors	Remuneration for chairing Committees	Fixed remuneration	Variable remuneration	Total 2011
Mr. Pablo Isla Álvarez de Tejera	Executive	100	19	8	-	2,454	1,725	4,306
Mr.Carlos Espinosa de los Monteros Bernaldo de Quirós	Independent	100	80	108	50	-	-	338
Ms. Irene R.Miller	Independent	100	-	100	50	-		250
Mr.Nils Smedegaard Andersen	Independent	100	-	108	-	-		208
Mr. Francisco Luzón López	Independent	100	-	108	-	-		208
Mr.Emilio Saracho Rodríguez de Torres	Independent	100	-	108	-	-		208
Mr.Juan Manuel Urgoiti López de Ocaña	Independent	100	-	108	-	-		208
GARTLER, S.L .(1)	Propietary	100	-		-	-		100
Mr. Amancio Ortega Gaona	Propietary	378	-		-	-		378
		1,178	**99**	**650**	**100**	**2,454**	**1,725**	**6,206**

Amounts in thousands of euros
(1) represented by Ms Flora Pérez Marcote

The following table shows the remuneration and termination benefits received by the management of the Inditex Group in 2011:

	Management
Remuneration	13,747
Termination benefits	1,070

Also, in 2010 Inditex also approved a long-term incentive plan (hereinafter, "the Plan") for members of the management team and other personnel from the Inditex Group, the terms of which are described in note 26. For the purposes of the disclosure of related party transactions, the following are estimates of the incentives accrued in 2012 by directors and management and which would be paid if the Plan conditions are met:

	Directors	Management
Accrued incentive	1,333	2,293

At the meeting held on 14 June 2011 Inditex's board of directors agreed to contract a benefits plan for the Chairman/CEO, as part of his remuneration for carrying out his senior management duties. The Plan is a defined contribution plan, consisting of a group life insurance policy contracted by Inditex with a prestigious insurance company operating in the Spanish market. The plan contributions are payable by Inditex and will be settled in single annual installments each September. These annual contributions are equivalent to 50% of the fixed base salary approved by Inditex for the Chairman and CEO for each year. Inditex's contribution to the Plan during 2012 amounted to euros 1,625 thousand (euros 1,500 thousand in 2001).

6.30. External auditors

In 2012 and 2011 the fees for financial audit and other services provided by the auditor of the Company's annual

accounts, or by companies related to these auditors as a result of a relationship of control, common ownership or common management, were as follows:

	2012	2011
Audit services	4,006	4,933
Other assurance services	196	271
Total audit and similar services	**4,202**	**5,204**
Tax advisory services	369	980
Other services	122	142
Total professional services	**4,693**	**6,326**

The figures in the table above include the total fees for services rendered in 2012 and 2011, irrespective of the date of invoice.

In addition to the audit of the Inditex Group annual accounts, audit services rendered by Deloitte in 2012 and by KPMG in 2011 also include certain audit work related with the external audit.

Non-audit services relate mainly to advisory services to certain of the Group's subsidiaries abroad.

According to information received from the auditors, fees received from the Inditex Group by the principal auditors and the rest of the firms belonging to the international network (and associated firms) do not exceed 0.019% of their total revenue.

6.31. Selected accounting policies

6.31.1. Basis of consolidation

i) Subsidiaries

Subsidiaries are entities controlled by the Parent. Control exists when the Parent has the power, directly or indirectly, to govern financial and operating policies. Subsidiaries are consolidated by aggregating the total amount of assets, liabilities, income, expenses and cash flows, after carrying out the adjustments and eliminations relating to intra-Group transactions. The results of subsidiaries acquired during the year are included in the consolidated annual accounts from the date that control commences. Details of subsidiaries and jointly-controlled entities are provided in Appendix I. Net identifiable assets acquired, liabilities and contingent liabilities assumed as part of a business combination are stated at their acquisition date fair value, providing this acquisition took after 1 January 2004, the date of transition to EU-IFRSs.

For business combinations subsequent to that date, any consideration given plus the value assigned to non-controlling interests that is in excess of the net assets acquired and liabilities assumed is recognized as goodwill. Any shortfall determined between the consideration given, the value assigned to non-controlling interests and identifiable net assets acquired is recognized in profit and loss.

Acquisitions of shares in businesses subsequent to gaining control and partial disposals that do not result in a loss of control are recognized as transactions with shareholders in equity.

Non-controlling interests in the consolidated statement of changes in equity are presented separately from the consolidated equity attributable to equity holders of the Parent.

The results and each item of other comprehensive income are allocated to equity attributable to equity holders of the Parent and to non-controlling interests in proportion to their investment, even if this gives rise to a balance receivable from non-controlling interests. Agreements entered into between the Group and non-controlling interests are recognized as a separate transaction.

The share of non-controlling interests shareholders of the equity and results of subsidiaries are presented under "Equity attributable to non-controlling interests" and "Net profit attributable to non-controlling interests", respectively. Details of subsidiaries and jointly-controlled entities are provided in Appendix I.

ii) Joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. The consolidated annual accounts include, in each individual caption of the balance sheet and income statement, the Group's proportionate share in these entities' assets, liabilities, revenue, expenses and cash flows from the date that joint control commences until the date that joint control ceases to exist.

iii) Harmonization of criteria

Each of the entities included in the consolidated Group prepares its annual accounts and other accounting records in accordance with the accounting policies and legislation applicable in the country of origin. When these accounting criteria and policies are different to those adopted by Inditex in the preparation of its consolidated annual accounts, they have been adjusted in order to present the consolidated annual accounts using homogenous accounting policies.

iv) Intra-Group eliminations

All intra-Group receivables, payables and transactions, and any unrealized gains or losses arising from transactions with third parties, are eliminated in the

consolidation process. In the case of jointly controlled entities, receivables, payables, income and expenses between Group companies, and any unrealized gains or losses arising from transactions with third parties, are eliminated in the consolidation process to the extent of the Group's interest in the entity.

v) Translation of annual accounts denominated in foreign currencies

The Group has applied the exemption relating to accumulated translation differences from IFRS 1 First-time Adoption of International Financial Reporting Standards and, therefore, any translation differences recognized in the consolidated annual accounts generated prior to 1 January 2004 are recorded under reserves. Since that date, the financial statements of entities with a functional currency other than the euro are translated as follows:

- Assets and liabilities are translated to euro at the exchange rates prevailing at the balance sheet date.
- Items that comprise the equity of these entities are translated to euros at historical exchange rates (or, for retained earnings, at the average exchange rates for the year in which they were generated).
- Income and expenses are translated into euros at the exchange rates prevailing on the date on which they were recognized, while average exchange rates are used in the cases in which the application of this simplifying criterion does not generate significant differences.

Differences arising from the application of these exchange rates are included in consolidated equity under "Translation differences".

However, exchange differences deriving from trade balances payable and receivable and financing operations between group companies, with foreseeable settlement, are recognized in the consolidated income statement for the year.

vi) Annual accounts in hyperinflationary countries

The financial statements of foreign operations in countries considered to have hyperinflationary economies have been adjusted prior to translation to euros to account for the effect of changes in prices.

vii) Companies with a reporting date that differs from that of the Group

Companies with a reporting date which differs from that of the consolidated annual accounts were consolidated with the financial statements at their closing date (31 December 2011, see Appendix I). Significant operations carried out between the reporting date of these subsidiaries and that of the consolidated annual accounts are subject to a temporary unification process.

viii) Changes in the consolidated Group

The following entities were incorporated or acquired by the Group and consolidated for the first time during the year:

Fashion C. Neuhauser Strabe 33, GmbH	Zara Home Canada, Inc
Oysho Macau, Ltd	Zara Home Taiwxan, B.V.
Massimo Dutti Magyarorxzág KFT	ITX USA, LLC
Massimo Dutti Taiwan, B.V	ITXR Macedonaia Dooel Skopje
Massimo Dutti Taiwan, B.V. Taiwan Branch	ITX E-commerce (Shanghai) Co. Ltd
Plataforma Cabanillas, S.A.	ITX Financien II, B.V.
Pull & Bear Taiwan, B.V.	ITX Canada, Inc.
Bershka Taiwan, B.V.	P&B Gmbh
Zara Home Japan Corp.	Zara Home Taiwan, B.V. TW Branch

In 2012 Jema Creaciones Infantiles, S.L. was merged by absorption with Indipunt, S.L.

The inclusions in the consolidated Group referred to above did not have a material impact on the consolidated annual accounts for 2012.

6.31.2. Accounting policies

Certain standards, amendments and interpretations recently came into force for years beginning on or after 1 January 2012.

It should be noted in this regard that the new legislation with a potential impact on the Group is as follows:

- Amendments to IFRS 7 Financial Instruments.

The application of these amendments did not have a material effect on the Group's consolidated annual accounts.

At the date of formal preparation of these consolidated annual accounts the following standards and interpretations with a potential impact on the Group had been issued by the IASB and adopted by the European Union, although they were not applied early:

- IFRS 10 Consolidated Financial Statements, mandatorily applicable for annual reporting periods beginning on or after 1 January 2014 under EU-IFRSs
- IFRS 11 Joint Arrangements, mandatorily applicable for annual reporting periods beginning on or after 1 January 2014 under EU-IFRSs

- IFRS 12 Disclosure of Interests in Other Entities, mandatorily applicable for annual reporting periods beginning on or after 1 January 2014 under EU-IFRSs

- Amendments to IAS 12 Income Taxes

The Company's directors consider that, taking into account the business activities carried on by the Group companies, the future application of the new legislation will not have a material effect on the consolidated annual accounts.

a) Foreign currency translation

Foreign currency transactions are translated to euros using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to euros at the exchange rates prevailing at that date. Exchange differences arising on translation are recognized in the income statement as financial results.

Cash flows from transactions in foreign currency are translated into euros in the consolidated cash flow statement at the exchange rates prevailing at the transaction date. The effect of fluctuations in exchange rates on cash and cash equivalents expressed in foreign currencies is presented separately in the consolidated cash flow statement under "Effect of exchange rate fluctuations on cash and cash equivalents".

b) Property, plant and equipment

Items of property, plant and equipment are stated at cost, including any additional costs incurred until the assets are ready for their intended use, less accumulated depreciation and any impairment losses or write-downs that have to be recognized.

Depreciation is taken on a straight-line basis over the estimated useful lives of the assets.

The estimated average useful lives are as follows:

Asset description	Useful life
Buildings	25 to 50 years
Fixtures, furniture and machinery *	7 - 13 years
Other property, plant and equipment	4 - 13 years

* In the case of assets located in leased premises, the depreciation rate is adapted to the estimated term of the lease if this is shorter than the useful lives of the assets.

The Group reassesses property, plant and equipment residual values, useful lives and depreciation methods at each reporting date. Modifications to initially established criteria are recognized as changes in estimates.

After initial recognition of an asset, only costs that will generate future economic benefits that can be classified as probable and be reliably estimated are capitalized.

Periodic maintenance, upkeep and repair costs are expensed as they are incurred.

c) Rights over leased premises

"Rights over leased premises" mainly comprises the cost of leasehold assignment rights, access premiums or tenancy right waivers paid to the former tenants of commercial premises.

These assets are recognized at cost of acquisition. After initial recognition, they are stated at cost less accumulated amortization and any impairment losses and are amortized over the term of the lease contract, except when, for legal reasons, the rights do not lose value, in which case they are determined to be intangible assets with indefinite useful lives and are therefore systematically tested for impairment.

In order to assess the possible existence of impairment of these assets, the Group uses the procedures described in Note 31.2.g.

d) Other intangible assets

- Intellectual property: intellectual property is charged for the amounts paid for the acquisition of title to or the right to use the related items, or for the expenses incurred in registration of the rights developed by the Group and is amortized on a straight-line basis over a maximum period of ten years.

- Software: software is stated at cost and is amortized on a straight-line basis over a five-year period.

- Industrial designs: these items are reflected at their cost of production, which includes the cost of samples, personnel costs and other directly or indirectly attributable costs, and are amortized on a straight-line basis over an estimated useful life of two years.

The Group reviews the intangible asset residual values, useful lives and amortization methods at the end of each reporting period. Modifications to initially established criteria are recognized, where applicable, as changes in estimates.

e) Financial investments

Marketable securities which represent less than 20% of the share capital of the related investee are stated at cost net of any impairment losses that have to be recognized.

f) Investment property

Investment property is made up of assets held to generate rental income of for capital appreciation or both, and is stated at cost of acquisition less accumulated depreciation and any impairment losses that have to be recognized. Depreciation is calculated on a straight-line basis over the useful lives of the corresponding assets.

Details of the market value of investment property are shown in note 12.

g) Impairment of non-current assets

The Group periodically assesses the possible existence of indications that its non-current assets (including goodwill and intangible assets with indefinite useful lives) might have become impaired in order to determine whether their recoverable amount is lower than their carrying amount (impairment loss). In the case of goodwill and intangible assets with indefinite useful lives the impairment tests are performed at least once a year, or more frequently if there are indications of impairment.

In order to do this, the Group has developed a general, systematic procedure for carrying out these impairment tests based on the monitoring of certain events or circumstances such as the performance of a store, operating decisions regarding the continuity of a particular location, or other circumstances which indicate that the value of an asset may not be recovered in full.

Calculation of recoverable amount

The recoverable amount of assets is the higher of fair value less costs to sell and value in use. Value in use is determined on the basis of the expected future cash flows for the period in which these assets are expected to generate revenue, forecast variations in the amount or distribution of the cash flows over time, the time value of money, the risk premium attached to the risk of uncertainty attached to the asset, and other factors which a market participant would consider in valuing the cash flows from the asset.

The Group uses the budgets and business plans of the various cash-generating units to which the assets are assigned. These budgets and business plans generally encompass a period of between three and five years. The cash flows projected for the period are extrapolated to the period not covered by the aforementioned plans on the basis of the growth forecast for comparable stores.

The discount rate applied is usually a pre-tax measurement based on the risk-free rate for 10-year bonds (or similar instruments, if no 10-year bonds have been issued) issued by the governments of the corresponding countries, adjusted by a risk premium to reflect the increase in the risk of the investment per country and the systematic risk of the Group.

Recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. For assets that do not generate cash inflows individually, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

Based on the actual management of operations, the Group has defined each of the commercial premises in which it carries out its activities (stores) as basic cash-generating units, although these basic units can be aggregated to concept-country level, or even to all the companies located in the same country. Group assets which are not clearly assignable under this scheme (for example industrial or logistics assets) are treated separately within the context of this general policy according to their specific nature.

Goodwill acquired through a business combination is allocated to the group of basic cash-generating units corresponding to the company acquired, since this is the lowest level at which this goodwill is controlled for internal management purposes.

Reversals of impairment losses

Reversals of impairment losses on non-current assets are recognized with a credit to "Amortization and depreciation" in the consolidated income statement, up to the limit of the carrying amount that the asset would have had, net of depreciation or amortization, had the impairment loss never been recognized, solely in cases in which, once the internal and external factors have been assessed, it can be concluded that the indications of impairment that led to the recognition of the impairment losses have ceased to exist or have been partially reduced.

The reversal of an impairment loss on a cash-generating unit is distributed among its assets, except for goodwill, which is distributed in accordance with its carrying amount and taking into account the limitation set out in the preceding paragraph.

An impairment loss recognized for goodwill must not be reversed in a subsequent period.

h) Trade and other receivables

Trade receivables are initially recognized at fair value. After initial recognition, they are stated at amortized cost in accordance with the effective interest rate method, less any impairment losses recognized.

Impairment losses are recognized on trade receivables when there is objective evidence that the Group will not

be able to collect the entire amount owed by the debtor in accordance with the terms of the debt. These losses are calculated as the difference between the carrying amount and the present value of future estimated cash flows discounted at the original interest rate and are recognized in the consolidated income statement.

i) Inventories

Inventories are measured at the lower of acquisition or production cost and net realizable value.

Cost comprises all the costs incurred in acquiring and transforming the inventories.

Transformation costs comprise the costs directly related to the units produced and a systematically calculated portion of indirect, variable and fixed costs incurred during the transformation process.

Cost is calculated on a FIFO basis and includes the cost of materials consumed, labor and manufacturing expenses.

The cost of inventories is adjusted through the caption "Cost of merchandise" in the consolidated income statement when cost exceeds net realizable value. Net realizable value is considered as the following:

- Raw materials and other supplies: replacement cost. However, materials are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost;
- Goods for resale: estimated selling price in the normal course of business;
- Work in progress: the estimated selling price for the corresponding finished products, less estimated costs of completion.

j) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits at financial institutions. They also include other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Investments which mature in less than three months from the acquisition date are also included.

In the statement of cash flows, bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents. Bank overdrafts are recognized in the consolidated balance sheet as financial liabilities from bank borrowings.

The Group classifies cash flows relating to interest and dividends paid and received as cash flows used in and obtained from investing and financing activities, respectively.

k) Current financial investments

Current financial investments include bank deposits and investments in investment funds that are not available at short term or that mature at between three and twelve months from acquisition.

The Group classifies cash flows relating to the amounts invested and received as cash flows from investing activities.

l) Employee benefits

Obligations acquired with Group personnel to be settled in the long term are estimated based on the dates on which they vest through the application, where appropriate, of actuarial assumptions. The Group has created a provision to cover the actuarial liability of the estimated portion vested at 31 January 2013.

Personnel expenses accrued during the year are determined based on the best estimate of how far the conditions of payment have been met and the period that has elapsed since the plan started.

Personnel expenses accrued by the beneficiaries of the plans referred to in note 26 to the consolidated annual accounts are recognized with a credit to liability accounts during the period in which the expenses accrue.

m) Provisions

Provisions are recognized in the balance sheet when:

- the Group has a present legal or constructive obligation as result of a past event;
- it is probable that an outflow of economic benefits will be required to settle the obligation; and
- the amount can be reliably estimated.

Provisions are based on the best information available at the date of preparation of the annual accounts and are revised at each balance sheet date.

If it is more likely than not that an outflow of resources will no longer be required to settle the obligation, the provision is reversed. The provision is reversed against the consolidated income statement item where the corresponding expense was recognized.

n) Financial liabilities

Financial liabilities, including trade and other payables, are initially recognized at fair value less any transaction costs that are directly attributable to the issue of the financial liability. After initial recognition, the Group's

financial liabilities are measured at amortized cost using the effective interest method.

o) Derivatives and hedging operations

Financial instruments acquired by the Group to hedge forecast transactions in foreign currencies are initially recognized at fair value plus any transaction costs directly attributable to acquiring the instrument.

Foreign currency hedges relating to forecast transactions are treated as cash flow hedges, and therefore any gains or losses derived from measuring the instrument at fair value which correspond to the effective portion of the hedge are recognized in equity. The ineffective portion is taken to financial income or expenses, as appropriate.

Amounts recognized in equity are taken to income when the forecast transaction takes place with a charge or credit to the account in which it was recognized. Also, gains or losses recognized in equity are reclassified to finance income or expenses when the forecast transaction is not expected to occur. The fair value of the hedges is recognized, depending on whether it is positive or negative, under "Other financial assets" or "Other financial liabilities" in the accompanying consolidated balance sheet.

In order for financial instruments to qualify for hedge accounting, they are initially designated as such and the hedging relationship is documented. Also, the Group verifies initially and periodically over the life of the hedge, using "effectiveness tests" that the hedging relationship remains effective, i.e., that it is prospectively foreseeable that changes in the fair value or cash flows from the hedged item (attributable to the hedged risk) are offset almost completely by changes in the fair value or cash flows of the hedging instrument and that, retrospectively, the gain or loss on the hedge was within a range of 80-125% of the gain or loss on the hedged item. Also, the ineffective portion of the hedging instrument is recognized immediately in the consolidated income statement.

The fair value of the various derivative financial instruments is calculated by discounting the expected cash flows based on the spot and futures market conditions at the calculation date. All the methods used are generally accepted by financial instrument analysts.

p) Revenue recognition

The sale of goods is recognized when the significant risks and rewards of ownership of the goods are transferred.

Sales to franchises are recognized when the aforementioned conditions are met and when revenue can be reliably determined and collection is considered probable.

The Group sells certain assets with the right for the buyers to return the goods. In these cases, the sale of the goods is recognized when the above conditions are met and it is possible to reliably estimate future returns based on experience and other relevant factors. Estimated returns are recognized against revenue and with a credit to the provision for sales returns. The estimated cost of returned goods is recognized as inventories, net of the effect of any reduction in value.

Rental income is recognized on a straight-line basis over the term of the lease.

Revenue from royalties is recognized using the accrual principle based on the substance of the contracts, providing collection is considered probable and the amount can be reliably estimated.

q) Leases

Lease contracts in which the significant risks and rewards inherent to ownership of the asset are substantially transferred to third parties are classified as finance leases, and are otherwise recorded as operating leases.

Assets acquired through a finance lease are recognized as non-current assets at the lower of the present value of the future lease payment and the fair value of the leased asset, while the corresponding debt with the lessor is recognized as a liability. Lease payments are apportioned between the reduction of the outstanding liability and the finance charge, which is recorded as a financial expense during the year.

In the case of operating leases, non-contingent or fixed rent payments are charged to the income statement on a straight-line basis over the term of the lease. Contingent rent is recognized in the period in which payment is probable, as are variable rent increases linked to the consumer price index.

Incentives received from shopping center developers or owners of commercial premises are recognized as non-current liabilities under "Other non-current liabilities – Lease incentives" and are booked as a reduction in rental expense under "Other operating expenses" on a straight-line basis over the term of the respective lease contracts.

r) Financial income and expenses

Finance income and expenses are recognized on an accrual basis using the effective interest method. Dividend income is recognized when the right to receive payment is established.

s) Income taxes

The income tax expense for the year comprises current tax and deferred tax. Income tax comprises current and

deferred tax and is recognized in the income statement and included in the determination of net profit or loss for the year, except to the extent that it relates to a transaction which has been recognized in equity in the same or previous years, in which case it is charged or credited to equity, or to a business combination.

Current tax is the tax expected to be paid or recovered in the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable or recoverable in respect of previous years.

Deferred tax is calculated using the balance sheet liability method, which provides for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. Deferred tax liabilities comprise income tax amounts payable in the future on account of taxable temporary differences while deferred tax assets are amounts recoverable due to the existence of deductible temporary differences, tax loss or tax credit carryforwards.

The Group recognizes deferred tax assets and liabilities derived from temporary differences, except those relating to the initial recognition of an asset or liability in a transaction which is not a business combination and which did not affect either accounting or taxable profit (losses), or in the case of deferred taxes, where temporary differences are related to the initial recognition of goodwill. Deferred tax assets and liabilities are also recognized for temporary differences relating to investments in subsidiaries, except when the Parent can control their reversal and the temporary differences will probably not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the years when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date and reflecting the tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of its assets or liabilities.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets, whether recognized or not, are reviewed at each balance sheet date.

The Group only offsets current tax assets and liabilities if it has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are recognized in the consolidated balance sheet under non-current assets or liabilities, irrespective of the expected date of realization or settlement.

t) Current and non-current assets and liabilities

The Group classifies assets and liabilities as current and non-current. Assets and liabilities are classified as current when they are expected to be realized or settled within twelve months of the balance sheet date, and are otherwise classified as non-current.

Assets and liabilities are not netted unless there are specific requirements to the contrary or a standard or interpretation so permits.

u) Treasury shares

Treasury shares acquired by the Group have been presented separately at cost as a reduction in equity in the consolidated balance sheet, and no gains or losses have been recorded as a result of transactions carried out with treasury shares.

Costs incurred in treasury share transactions are recorded as a reduction in equity, after consideration of any tax effect.

6.32. Environment

These consolidated annual accounts are presented on the basis of the regulatory financial reporting framework applicable to the Group (see first page of the notes). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

6.33. Explanation added for translation to English

These consolidated annual accounts are presented on the basis of the regulatory financial reporting framework applicable to the Group (see first page of the notes). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Appendix I- Composition of the Inditex Group

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Chain	Line of business
Subsidiaries:						
Industria de Diseño Textil, S.A.	Matriz	La Coruña - Spain	Full Consol.	31-ene	-	Parent
Comditel, S.A.	100,00%	Barcelona - Spain	Full Consol.	31-ene	Zara	Buyer
Zara Asia, Ltd.	100,00%	Hong Kong - China	Full Consol.	31-ene	Zara	Retail sales
Choolet, S.A.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Zara	Textile manufacturing
Confecciones Fíos, S.A.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Zara	Textile manufacturing
Confecciones Goa, S.A.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Zara	Textile manufacturing
Denllo, S.A.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Zara	Textile manufacturing
Hampton, S.A.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Zara	Textile manufacturing
Nikole, S.A.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Zara	Buyer
Samlor, S.A.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Zara	Textile manufacturing
Stear, S.A.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Zara	Textile manufacturing
Trisko, S.A.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Zara	Textile manufacturing
Zintura, S.A.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Zara	Textile manufacturing
Glencare, S.A.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Zara	Textile manufacturing
Indipunt, S.L.	51,00%	La Coruña - Spain	Full Consol.	31-ene	Multi-concept	Textile manufacturing
Indipunt Diseño, S.L.	51,00%	La Coruña - Spain	Full Consol.	31-ene	Multi-concept	Design
Zara España, S.A.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Zara	Retail sales
Zara Argentina, S.A.	100,00%	Buenos Aires - Argentina	Full Consol.	31-ene	Zara	Retail sales
Zara Belgique, S.A.	100,00%	Brussels - Belgium	Full Consol.	31-ene	Zara	Retail sales
Zara Chile, S.A.	100,00%	Santiago de Chile - Chile	Full Consol.	31-dic	Zara	Retail sales
Zara USA, Inc.	100,00%	New York - USA	Full Consol.	31-ene	Zara	Retail sales
Zara France, S.A.R.L.	100,00%	Paris - France	Full Consol.	31-ene	Zara	Retail sales
Zara UK, Ltd.	100,00%	London - UK	Full Consol.	31-ene	Zara	Retail sales
Zara Mexico, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-ene	Zara	Holding company
Zara Hellas, S.A.	100,00%	Athens - Greece	Full Consol.	31-ene	Zara	Retail sales
Zara México, S.A. de C.V.	95,00%	Mexico City - Mexico	Full Consol.	31-dic	Zara	Retail sales
Zara Portugal Confecçoes Lda.	100,00%	Lisbon - Portugal	Full Consol.	31-ene	Zara	Retail sales
G.Zara Uruguay, S.A.	100,00%	Montevideo -Uruguay	Full Consol.	31-ene	Zara	Retail sales
Zara Financiën B.V. Ireland	100,00%	Dublin - Ireland	Full Consol.	31-ene	Multi-concept	Financial services
Zara Brasil, Lda.	100,00%	Sao Paulo -Brazil	Full Consol.	31-dic	Zara	Retail sales
Zara Nederland, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-ene	Zara	Retail sales
Zara Österreich Clothing, GmbH	100,00%	Vienna - Austria	Full Consol.	31-ene	Zara	Retail sales
Zara Denmark A/S	100,00%	Copenhagen - Denmark	Full Consol.	31-ene	Zara	Retail sales
Zara Sverige, AB	100,00%	Stockholm - Sweden	Full Consol.	31-ene	Zara	Retail sales
Zara Norge, AS	100,00%	Oslo - Norway	Full Consol.	31-ene	Zara	Retail sales
Zara Canada, Inc.	100,00%	Montreal - Canada	Full Consol.	31-ene	Zara	Retail sales
Zara Suisse S.A.R.L.	100,00%	Fribourg - Switzerland	Full Consol.	31-ene	Zara	Retail sales
Zara Luxembourg, S.A.	100,00%	Luxembourg - Luxembourg	Full Consol.	31-ene	Zara	Retail sales
Za Giyim Ithalat Ihracat Ve Ticaret Ltd.	100,00%	Istanbul - Turkey	Full Consol.	31-ene	Zara	Retail sales
Zara Italia, S.R.L.	100,00%	Milan - Italy	Full Consol.	31-ene	Zara	Retail sales
Zara Japan Corp.	100,00%	Tokyo - Japan	Full Consol.	31-ene	Zara	Retail sales
Zara Ceská Republika, S.R.O.	100,00%	Prague - Cz. Repub.	Full Consol.	31-ene	Zara	Retail sales
Zara Puerto Rico, Inc.	100,00%	San Juan - Puerto Rico	Full Consol.	31-ene	Zara	Retail sales
Za Clothing Ireland, Ltd.	100,00%	Dublin - Ireland	Full Consol.	31-ene	Zara	Retail sales
Zara Magyarorszag, KFT.	100,00%	Budapest - Hungary	Full Consol.	31-ene	Zara	Retail sales
Zara Holding, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-ene	Multi-concept	Holding company
Zara Monaco, SAM	100,00%	Monte Carlo-Monaco	Full Consol.	31-ene	Zara	Retail sales
Zara Commercial (Shanghai), Co Ltd.	100,00%	Shanghai- China	Full Consol.	31-dic	Zara	Retail sales
Zara Commercial (Beijing), Co Ltd.	100,00%	Beijing- China	Full Consol.	31-dic	Zara	Retail sales
Zara Macau, Ltd.	100,00%	Macao- China	Full Consol.	31-dic	Zara	Retail sales
Zara Polska, Sp. Zo.o.	100,00%	Warsaw - Poland	Full Consol.	31-ene	Zara	Retail sales

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Chain	Line of business
ZAO Zara CIS, Ltd.	100,00%	Moscow - Russia	Full Consol.	31-dic	Zara	Retail sales
Zara Deutschland, GmbH	100,00%	Hamburg - Germany	Full Consol.	31-ene	Zara	Holding company
Zara Bucuresti, Srl	100,00%	Bucharest-Romania	Full Consol.	31-dic	Zara	Retail sales
Zara Ukraine LLC	100,00%	Kiev-Ukraine	Full Consol.	31-dic	Zara	Retail sales
Zara Slovakia, S.R.O.	100,00%	Bratislava-Slovakia	Full Consol.	31-ene	Zara	Retail sales
Zara Croatia, Ltd.	100,00%	Zagreb-Croatia	Full Consol.	31-ene	Zara	Retail sales
Zara Retail Korea, Ltd.	80,00%	Korea	Full Consol.	31-ene	Zara	Retail sales
Zara Bulgaria LTD	100,00%	Sofia-Bulgaria	Full Consol.	31-dic	Zara	Retail sales
Zara Immobiliare Italia SRL	100,00%	Milan - Italy	Full Consol.	31-ene	Zara	Real estate
Zara Diseño, S.L.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Zara	Design
Zara Management, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-ene	Zara	Holding company
Kommanditgesellschaft ZARA Deutschland B.V. & Co.	100,00%	Hamburg - Germany	Full Consol.	31-ene	Zara	Retail sales
ITX Fashion retail South Africa	90,00%	South Africa	Full Consol.	31-ene	Zara	Retail sales
Group Zara Australia Pty. Ltd.	80,00%	Sydney - Australia	Full Consol.	31-ene	Zara	Retail sales
ITX Financien, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-ene	Multi-concept	Financial services
Zara Taiwan, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-ene	Zara	Holding company
Zara Taiwan, B.V. TW Branch	100,00%	Taipei - Taiwan	Full Consol.	31-ene	Zara	Retail sales
Zara Vittorio 11 Italia S.R.L.	100,00%	Milan - Italy	Full Consol.	31-ene	Zara	Real estate
Zara BH, D.O.O.	100,00%	Sarajevo - Bosnia Herzegovina	Full Consol.	31-dic	Zara	Retail sales
Zara Serbia, D.O.O. Belgrade	100,00%	Belgrade - Serbia	Full Consol.	31-ene	Zara	Retail sales
Fashion C. Neuhauser Strabe 33, GMBH	100,00%	Hamburg - Germany	Full Consol.	31-dic	Zara	Real estate
Nikole Diseño, S.L.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Zara	Design
Inditex Montenegro, D.O.O. Podgorica	100,00%	Montenegro	Full Consol.	31-dic	Multi-concept	Retail sales
Inditex Vastgoed Korea, Ltd.	100,00%	Korea	Full Consol.	31-ene	Zara	Real estate
Inditex Trent Retail India Private LTD	51,00%	Mumbai-India	Full Consol.	40999	Zara	Retail sales
Kiddy´s Class España, S.A.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Zara	Retail sales
Fibracolor, S.A.	100,00%	Barcelona - Spain	Full Consol.	31-ene	Zara	Dormant
ITX Holding, S.A.	100,00%	Fribourg - Switzerland	Full Consol.	31-ene	Multi-concept	Holding company
Oysho España, S.A.	100,00%	Barcelona - Spain	Full Consol.	31-ene	Oysho	Retail sales
Oysho Venezuela, S.A.	100,00%	Caracas - Venezuela	Full Consol.	31-ene	Oysho	Retail sales
Oysho Portugal, Conf. Lda.	100,00%	Lisbon - Portugal	Full Consol.	31-ene	Oysho	Retail sales
Oysho Mexico, S.A. de C.V.	98,50%	Mexico City - Mexico	Full Consol.	31-dic	Oysho	Retail sales
Oysho Italia, S.R.L.	100,00%	Milan - Italy	Full Consol.	31-ene	Oysho	Retail sales
Oysho Hellas, S.A.	100,00%	Athens - Greece	Full Consol.	31-ene	Oysho	Retail sales
Oysho Giyim Ithalat Ihracat Ve Ticaret Ltd.	100,00%	Istanbul - Turkey	Full Consol.	31-ene	Oysho	Retail sales
Oysho Polska, Sp zo.o	100,00%	Warsaw - Poland	Full Consol.	31-ene	Oysho	Retail sales
Oysho CIS, Ltd.	100,00%	Moscow - Russia	Full Consol.	31-dic	Oysho	Retail sales
Oysho France, S.A.R.L.	100,00%	Paris - France	Full Consol.	31-ene	Oysho	Retail sales
Oysho MAGYARORSZAG, KFT	100,00%	Budapest - Hungary	Full Consol.	31-ene	Oysho	Retail sales
Oysho Ro, Srl	100,00%	Bucharest-Romania	Full Consol.	31-dic	Oysho	Retail sales
Oysho Ukraine, Llc	100,00%	Kiev-Ukraine	Full Consol.	31-dic	Oysho	Retail sales
Oysho Diseño, S.L.	100,00%	Barcelona - Spain	Full Consol.	31-ene	Oysho	Design
Oysho Bulgaria, LTD	100,00%	Sofia-Bulgaria	Full Consol.	31-dic	Oysho	Retail sales
Oysho Commercial & Trading (Shangai) Co., LTD.	100,00%	Shanghai- China	Full Consol.	31-dic	Oysho	Retail sales
Oysho Korea, LTD	100,00%	Korea	Full Consol.	31-ene	Oysho	Retail sales
Oysho Nederland, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-ene	Oysho	Retail sales
Oysho Croacia, LTD	100,00%	Zagreb-Croatia	Full Consol.	31-ene	Oysho	Retail sales
Oysho Serbia, D.O.O. Belgrade	100,00%	Belgrade - Serbia	Full Consol.	31-ene	Oysho	Retail sales
Oysho Macau, Ltd	100,00%	Macao- China	Full Consol.	31-dic	Oysho	Retail sales
Grupo Massimo Dutti, S.A.	100,00%	Barcelona - Spain	Full Consol.	31-ene	Massimo Dutti	Retail sales
Massimo Dutti Hellas, S.A.	100,00%	Athens - Greece	Full Consol.	31-ene	Massimo Dutti	Retail sales
Massimo Dutti Giyim Ithalat Ih.Ve Tic. Ltd.	100,00%	Istanbul - Turkey	Full Consol.	31-ene	Massimo Dutti	Retail sales
Massimo Dutti Venezuela, S.A.	100,00%	Caracas - Venezuela	Full Consol.	31-ene	Massimo Dutti	Retail sales
Massimo Dutti France, S.A.R.L.	100,00%	Paris - France	Full Consol.	31-ene	Massimo Dutti	Retail sales
Massimo Dutti UK, Ltd.	100,00%	London - UK	Full Consol.	31-ene	Massimo Dutti	Retail sales

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Chain	Line of business
Massimo Dutti Suisse, S.A.R.L.	100,00%	Fribourg - Switzerland	Full Consol.	31-ene	Massimo Dutti	Retail sales
Massimo Dutti Sverige, AB	100,00%	Stockholm- Sweden	Full Consol.	31-ene	Massimo Dutti	Retail sales
Massimo Dutti Norge, AS.	100,00%	Oslo - Norway	Full Consol.	31-ene	Massimo Dutti	Retail sales
Massimo Dutti Italia, S.R.L.	100,00%	Milan - Italy	Full Consol.	31-ene	Massimo Dutti	Retail sales
Massimo Dutti Ireland., Ltd.	100,00%	Dublin - Ireland	Full Consol.	31-ene	Massimo Dutti	Retail sales
Massimo Dutti USA, Ltd.	100,00%	New York - USA	Full Consol.	31-ene	Massimo Dutti	Retail sales
Massimo Dutti Danmark A/S	100,00%	Copenhagen - Denmark	Full Consol.	31-ene	Massimo Dutti	Dormant
Massimo Dutti CIS, Ltd.	100,00%	Moscow - Russia	Full Consol.	31-dic	Massimo Dutti	Retail sales
Massimo Dutti Deutschland, GmbH	100,00%	Hamburg - Germany	Full Consol.	31-ene	Massimo Dutti	Holding company
Massimo Dutti Mexico, S.A. de C.V.	98,00%	Mexico City - Mexico	Full Consol.	31-dic	Massimo Dutti	Retail sales
BCN Diseños, S.A. de C.V.	98,00%	Mexico City - Mexico	Full Consol.	31-dic	Massimo Dutti	Real estate
Liprasa Cartera, S.L.	98,00%	Madrid - Spain	Full Consol.	31-ene	Massimo Dutti	Holding company
Massimo Dutti, S.A.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Massimo Dutti	Dormant
Massimo Dutti Hong Kong, Ltd.	100,00%	Hong Kong - China	Full Consol.	31-ene	Massimo Dutti	Retail sales
Massimo Dutti Polska, Sp z.o.o.	100,00%	Warsaw - Poland	Full Consol.	31-ene	Massimo Dutti	Retail sales
Massimo Dutti Ro, Srl	100,00%	Bucharest - Romania	Full Consol.	31-dic	Massimo Dutti	Retail sales
Massimo Dutti Macau Ltd.	100,00%	Macao- China	Full Consol.	31-dic	Massimo Dutti	Retail sales
Massimo Dutti Ukraine, Llc	100,00%	Kiev-Ukraine	Full Consol.	31-dic	Massimo Dutti	Retail sales
Massimo Dutti Ceská Republika, s.r.o	100,00%	Prague - Cz. Repub.	Full Consol.	31-ene	Massimo Dutti	Retail sales
Massimo Dutti Commercial Beijing Co, Ltd.	100,00%	Beijing- China	Full Consol.	31-dic	Massimo Dutti	Retail sales
Massimo Dutti Bulgaria, LTD	100,00%	Sofia-Bulgaria	Full Consol.	31-dic	Massimo Dutti	Retail sales
Massimo Dutti Croatia, LTD	100,00%	Zagreb-Croatia	Full Consol.	31-ene	Massimo Dutti	Retail sales
Massimo Dutti Korea, LTD	100,00%	Korea	Full Consol.	31-ene	Massimo Dutti	Retail sales
Massimo Dutti Diseño, S.L.	100,00%	Barcelona - Spain	Full Consol.	31-ene	Massimo Dutti	Design
Massimo Dutti Commercial Shangai CO, LTD	100,00%	Shanghai- China	Full Consol.	31-dic	Massimo Dutti	Retail sales
Massimo Dutti Österreich, GMBH	100,00%	Vienna - Austria	Full Consol.	31-ene	Massimo Dutti	Retail sales
Massimo Dutti Nederland, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-ene	Massimo Dutti	Retail sales
Massimo Dutti Canada, INC.	100,00%	Montreal - Canada	Full Consol.	31-ene	Massimo Dutti	Retail sales
MD Benelux, N.V.	100,00%	Bruges - Belgium	Full Consol.	31-ene	Massimo Dutti	Retail sales
Italco Moda Italiana, LDA.	100,00%	Lisbon - Portugal	Full Consol.	31-ene	Massimo Dutti	Retail sales
Massimo Dutti Portugal - Comercio e Industria Textil, S.A.	100,00%	Lisbon - Portugal	Full Consol.	31-ene	Massimo Dutti	Holding company
Massimo Dutti Japan, Co.	100,00%	Tokyo - Japan	Full Consol.	31-ene	Massimo Dutti	Retail sales
Massimo Dutti Puerto Rico, INC	100,00%	San Juan - Puerto Rico	Full Consol.	31-ene	Massimo Dutti	Retail sales
KG Massimo Dutti Deutschland, B.V. & CO.	100,00%	Hamburg - Germany	Full Consol.	31-ene	Massimo Dutti	Retail sales
Massimo Dutti Serbia, D.O.O. Belgrade	100,00%	Belgrade - Serbia	Full Consol.	31-ene	Massimo Dutti	Retail sales
Massimo Dutti Magyarorxzág KFT	100,00%	Budapest - Hungary	Full Consol.	31-ene	Massimo Dutti	Retail sales
Massimo Dutti Taiwan, B.V	100,00%	Amsterdam - Netherlands	Full Consol.	31-ene	Massimo Dutti	Holding company
Massimo Dutti Taiwan, B.V. Taiwan Branch	100,00%	Taipei - Taiwan	Full Consol.	31-ene	Massimo Dutti	Retail sales
ITX Merken, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-ene	Multi-concept	Services
Pull & Bear España, S.A.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Pull & Bear	Retail sales
Pull & Bear Hellas, S.A.	100,00%	Athens - Greece	Full Consol.	31-ene	Pull & Bear	Retail sales
Pull & Bear Portugal Conf. Lda.	100,00%	Lisbon - Portugal	Full Consol.	31-ene	Pull & Bear	Retail sales
Pull & Bear Giyim Ith. Ihrac.Ve Tic. Ltd.	100,00%	Istanbul - Turkey	Full Consol.	31-ene	Pull & Bear	Retail sales
Pull & Bear Mexico, S.A. de C.V.	98,50%	Mexico City - Mexico	Full Consol.	31-dic	Pull & Bear	Retail sales
Pull & Bear Belgique, S.A.	100,00%	Brussels - Belgium	Full Consol.	31-ene	Pull & Bear	Retail sales
Pull & Bear France, S.A.R.L.	100,00%	Paris - France	Full Consol.	31-ene	Pull & Bear	Retail sales
Pull & Bear Italia, S.R.L.	100,00%	Milan - Italy	Full Consol.	31-ene	Pull & Bear	Retail sales
Pull & Bear Ceska Republika, S.R.O.	100,00%	Prague - Cz. Repub.	Full Consol.	31-ene	Pull & Bear	Retail sales
Pull & Bear Ireland, Ltd.	100,00%	Dublin - Ireland	Full Consol.	31-ene	Pull & Bear	Retail sales
Pull & Bear Magyarország Kft.	100,00%	Budapest - Hungary	Full Consol.	31-ene	Pull & Bear	Retail sales
Pull & Bear Polska, Sp zo.o	100,00%	Warsaw - Poland	Full Consol.	31-ene	Pull & Bear	Retail sales
Pull & Bear CIS, Ltd.	100,00%	Moscow - Russia	Full Consol.	31-dic	Pull & Bear	Retail sales
Pull & Bear Uk Limited	100,00%	London - UK	Full Consol.	31-ene	Pull & Bear	Retail sales
Pull & Bear Ro, Srl	100,00%	Bucharest-Romania	Full Consol.	31-dic	Pull & Bear	Retail sales

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Chain	Line of business
Pull & Bear Ukraine, Llc	100,00%	Kiev-Ukraine	Full Consol.	31-dic	Pull & Bear	Retail sales
Pull & Bear Slovakia, S.R.O.	100,00%	Bratislava-Slovakia	Full Consol.	31-ene	Pull & Bear	Retail sales
Pull & Bear Croatia, LTD	100,00%	Zagreb-Croatia	Full Consol.	31-ene	Pull & Bear	Retail sales
Pull & Bear Commercial Beijing Co, Ltd.	100,00%	Beijing- China	Full Consol.	31-dic	Pull & Bear	Retail sales
Pull & Bear Bulgaria, LTD	100,00%	Sofia-Bulgaria	Full Consol.	31-dic	Pull & Bear	Retail sales
Pull & Bear Hong Kong LTD	100,00%	Hong Kong - China	Full Consol.	31-ene	Pull & Bear	Retail sales
Pull & Bear Diseño, S.L.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Pull & Bear	Design
Pull & Bear Macau, LTD	100,00%	Macao- China	Full Consol.	31-dic	Pull & Bear	Retail sales
Pull & Bear Nederland, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-ene	Pull & Bear	Retail sales
Pull & Bear Österreich Clothing, Gmbh	100,00%	Vienna - Austria	Full Consol.	31-ene	Pull & Bear	Retail sales
Pull & Bear Korea, LTD	100,00%	Korea	Full Consol.	31-ene	Pull & Bear	Retail sales
Pull & Bear Serbia, D.O.O. Belgrade	100,00%	Belgrade - Serbia	Full Consol.	31-ene	Pull & Bear	Retail sales
Pull & Bear BH, D.O.O.	100,00%	Sarajevo - Bosnia Herzegovina	Full Consol.	31-dic	Pull & Bear	Retail sales
Plataforma Cabanillas, S.A.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Pull & Bear	Logistics
Pull & Bear Taiwan, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-ene	Pull & Bear	Holding company
P&B Gmbh	100,00%	Hamburg - Germany	Full Consol.	31-ene	Pull & Bear	Holding company
Uterqüe, S.A.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Uterqüe	Buyer
Uterqüe España, S.A.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Uterqüe	Retail sales
Uterqüe Hellas	100,00%	Athens - Greece	Full Consol.	31-ene	Uterqüe	Retail sales
Gruputerqüe Portugal Conf. Lda	100,00%	Lisbon - Portugal	Full Consol.	31-ene	Uterqüe	Retail sales
Uterqüe Cis, LTD	100,00%	Moscow - Russia	Full Consol.	31-dic	Uterqüe	Retail sales
Uterqüe Giyim Limited	100,00%	Istanbul - Turkey	Full Consol.	31-ene	Uterqüe	Retail sales
Uterqüe México S.A. de C.V.	100,00%	Mexico City - Mexico	Full Consol.	31-dic	Uterqüe	Retail sales
Uterqüe Diseño, S.L.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Uterqüe	Design
Uterqüe Italia, Srl.	100,00%	Milan - Italy	Full Consol.	31-ene	Uterqüe	Retail sales
Uterqüe Hong Kong, LTD	100,00%	Hong Kong - China	Full Consol.	31-ene	Uterqüe	Retail sales
Uterqüe Commercial & Trading (Shangai) Co., LTD.	100,00%	Shanghai- China	Full Consol.	31-dic	Uterqüe	Retail sales
UTC Benelux, N.V.	100,00%	Brussels - Belgium	Full Consol.	31-ene	Uterqüe	Retail sales
Bershka BSK España, S.A.	100,00%	Barcelona - Spain	Full Consol.	31-ene	Bershka	Retail sales
Bershka Portugal Conf. Soc. Unip. Lda.	100,00%	Lisbon - Portugal	Full Consol.	31-ene	Bershka	Retail sales
Bershka Hellas, S.A.	100,00%	Athens - Greece	Full Consol.	31-ene	Bershka	Retail sales
Bershka Mexico, S.A. de CV	97,00%	Mexico City - Mexico	Full Consol.	31-dic	Bershka	Retail sales
Bershka Giyim Ithalat Ihracat Ve Tic.Ltd.	100,00%	Istanbul - Turkey	Full Consol.	31-ene	Bershka	Retail sales
Bershka Belgique, S.A.	100,00%	Brussels - Belgium	Full Consol.	31-ene	Bershka	Retail sales
Bershka France, S.A.R.L.	100,00%	Paris - France	Full Consol.	31-ene	Bershka	Retail sales
Bershka Suisse, S.A.R.L.	100,00%	Fribourg - Switzerland	Full Consol.	31-ene	Bershka	Retail sales
Bershka Nederland, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-ene	Bershka	Retail sales
Bershka Italia, S.R.L.	100,00%	Milan - Italy	Full Consol.	31-ene	Bershka	Retail sales
Bershka U.K., Ltd.	100,00%	London - UK	Full Consol.	31-ene	Bershka	Retail sales
Bershka Ireland., Ltd.	100,00%	Dublin - Ireland	Full Consol.	31-ene	Bershka	Retail sales
Bershka Ceska Republica, S.R.O.	100,00%	Prague - Cz. Repub.	Full Consol.	31-ene	Bershka	Retail sales
Bershka Croatia, Ltd.	100,00%	Zagreb-Croatia	Full Consol.	31-ene	Bershka	Retail sales
Bershka Polska Sp Z O.O.	100,00%	Warsaw - Poland	Full Consol.	31-ene	Bershka	Retail sales
Bershka Slovakia, S.R.O.	100,00%	Bratislava-Slovakia	Full Consol.	31-ene	Bershka	Retail sales
Bershka Carpati, Srl	100,00%	Bucharest-Romania	Full Consol.	31-dic	Bershka	Retail sales
Bershka Ukraine, Llc	100,00%	Kiev-Ukraine	Full Consol.	31-dic	Bershka	Retail sales
Bershka Magyaroszag Kft.	100,00%	Budapest - Hungary	Full Consol.	31-ene	Bershka	Retail sales
Bershka Cis, Ltd	100,00%	Moscow - Russia	Full Consol.	31-dic	Bershka	Retail sales
Bershka Osterreich Clothing GmbH	100,00%	Vienna - Austria	Full Consol.	31-ene	Bershka	Retail sales
Bershka Hong Kong Limited	100,00%	Hong Kong - China	Full Consol.	31-ene	Bershka	Retail sales
Bershka Commercial Beijing Co, Ltd	100,00%	Beijing- China	Full Consol.	31-dic	Bershka	Retail sales
Bershka Bulgaria, LTD	100,00%	Sofia-Bulgaria	Full Consol.	31-dic	Bershka	Retail sales
Bershka Korea, LTD	100,00%	Korea	Full Consol.	31-ene	Bershka	Retail sales
Bershka Diseño, S.L.	100,00%	Barcelona - Spain	Full Consol.	31-ene	Bershka	Design
Bershka Macau, LTD	100,00%	Macao- China	Full Consol.	31-dic	Bershka	Retail sales

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Chain	Line of business
Bershka Japan, LTD	100,00%	Tokyo - Japan	Full Consol.	31-ene	Bershka	Retail sales
BSKE, GMBH	100,00%	Hamburg - Germany	Full Consol.	31-ene	Bershka	Holding company
Bershka BH, D.O.O.	100,00%	Sarajevo - Bosnia Herzegovina	Full Consol.	31-dic	Bershka	Retail sales
Bershka Deutschland B.V. & CO. KG	100,00%	Hamburg - Germany	Full Consol.	31-ene	Bershka	Retail sales
Bershka Serbia, D.O.O. Belgrade	100,00%	Belgrade - Serbia	Full Consol.	31-ene	Bershka	Retail sales
Bershka Taiwan, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-ene	Bershka	Holding company
Stradivarius España, S.A.	100,00%	Barcelona - Spain	Full Consol.	31-ene	Stradivarius	Retail sales
Stradivarius Hellas, S.A.	100,00%	Athens - Greece	Full Consol.	31-ene	Stradivarius	Retail sales
ITX RE	100,00%	Ireland	Full Consol.	31-ene	Multi-concept	Insurance
Stradivarius Portugal, Conf. Unip. Lda.	100,00%	Lisbon - Portugal	Full Consol.	31-ene	Stradivarius	Retail sales
Stradivarius Giyim Ithalat Ih. Ve Tic. Ltd.	100,00%	Istanbul - Turkey	Full Consol.	31-ene	Stradivarius	Retail sales
Stradivarius Polska, Sp zo.o	100,00%	Warsaw - Poland	Full Consol.	31-ene	Stradivarius	Retail sales
Stradivarius Ireland Limited	100,00%	Dublin - Ireland	Full Consol.	31-ene	Stradivarius	Retail sales
Stradivarius Italia SRL	100,00%	Milan - Italy	Full Consol.	31-ene	Stradivarius	Retail sales
Stradivarius CIS, Ltd.	100,00%	Moscow - Russia	Full Consol.	31-dic	Stradivarius	Retail sales
Stradivarius France, S.A.R.L.	100,00%	Paris - France	Full Consol.	31-ene	Stradivarius	Retail sales
Stradivarius Magyaroszag Kft.	100,00%	Budapest - Hungary	Full Consol.	31-ene	Stradivarius	Retail sales
Stradivarius Croatia, LTD.	100,00%	Zagreb-Croatia	Full Consol.	31-ene	Stradivarius	Retail sales
Stradivarius Slovakia, S.R.O.	100,00%	Bratislava-Slovakia	Full Consol.	31-ene	Stradivarius	Retail sales
Stradivarius Ro, Srl	100,00%	Bucharest-Romania	Full Consol.	31-dic	Stradivarius	Retail sales
Stradivarius Ukraine, Llc	100,00%	Kiev-Ukraine	Full Consol.	31-dic	Stradivarius	Retail sales
Stradivarius Ceská Republika, s.r.o	100,00%	Prague - Cz. Repub.	Full Consol.	31-ene	Stradivarius	Retail sales
Stradivarius Commercial Shangai CO, LTD	100,00%	Shanghai- China	Full Consol.	31-dic	Stradivarius	Retail sales
Stradivarius Bulgaria, LTD	100,00%	Sofia-Bulgaria	Full Consol.	31-dic	Stradivarius	Retail sales
Stradivarius Diseño, S.L.	100,00%	Barcelona - Spain	Full Consol.	31-ene	Stradivarius	Design
Stradivarius Macau, LTD	100,00%	Macao- China	Full Consol.	31-dic	Stradivarius	Retail sales
Stradivarius Korea, LTD	100,00%	Korea	Full Consol.	31-ene	Stradivarius	Retail sales
Stradivarius Hong Kong, LTD	100,00%	Hong Kong - China	Full Consol.	31-ene	Stradivarius	Retail sales
Stradivarius México, S.A. de C.V.	100,00%	Mexico City - Mexico	Full Consol.	31-dic	Stradivarius	Retail sales
Stradivarius BH, D.O.O.	100,00%	Sarajevo - Bosnia Herzegovina	Full Consol.	31-dic	Stradivarius	Retail sales
Stradivarius Serbia, D.O.O. Belgrade	100,00%	Belgrade - Serbia	Full Consol.	31-ene	Stradivarius	Retail sales
ITX Trading, S.A.	100,00%	Fribourg - Switzerland	Full Consol.	31-ene	Multi-concept	Buyer
Zara Home España, S.A.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Zara Home	Retail sales
Zara Home Portugal, Conf. Soc. Unip. Lda.	100,00%	Lisbon - Portugal	Full Consol.	31-ene	Zara Home	Retail sales
Zara Home U.K., Ltd.	100,00%	London - UK	Full Consol.	31-ene	Zara Home	Retail sales
Zara Home Hellas, S.A.	100,00%	Athens - Greece	Full Consol.	31-ene	Zara Home	Retail sales
Zara Home Nederland, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-ene	Zara Home	Retail sales
Zara Home Mexico, S.A. de C.V.	98,50%	Mexico City - Mexico	Full Consol.	31-dic	Zara Home	Retail sales
Zara Home Italia, S.R.L.	100,00%	Milan - Italy	Full Consol.	31-ene	Zara Home	Retail sales
Zara Home Giyim Ithalat Ihracat Ve Ticaret Ltd.	100,00%	Istanbul - Turkey	Full Consol.	31-ene	Zara Home	Retail sales
Zara Home Francia, S.A.R.L.	100,00%	Paris - France	Full Consol.	31-ene	Zara Home	Retail sales
Zara Home Ro, Srl	100,00%	Bucharest-Romania	Full Consol.	31-dic	Zara Home	Retail sales
Zara Home CIS, Ltd.	100,00%	Moscow - Russia	Full Consol.	31-dic	Zara Home	Retail sales
Zara Home Ukraine, Llc	100,00%	Kiev-Ukraine	Full Consol.	31-dic	Zara Home	Retail sales
Zara Home Polska, Sp zo.o	100,00%	Warsaw - Poland	Full Consol.	31-ene	Zara Home	Retail sales
Zara Home Diseño, S.L.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Zara Home	Design
Zara Home Deutschland B.V. & Co. KG	100,00%	Hamburg - Germany	Full Consol.	31-ene	Zara Home	Retail sales
ZHE, Gmbh	100,00%	Hamburg - Germany	Full Consol.	31-ene	Zara Home	Holding company
Zara Home Brasil Produtos para o Lar, Ltda.	100,00%	Sao Paulo -Brazil	Full Consol.	31-dic	Zara Home	Retail sales
Zara Home Croatia, LTD	100,00%	Zagreb-Croatia	Full Consol.	31-ene	Zara Home	Retail sales
Zara Home Belgique, S.A.	100,00%	Brussels - Belgium	Full Consol.	31-ene	Zara Home	Retail sales
Zara Home Commercial & Trading (Shangai) Co., LTD.	100,00%	Shanghai- China	Full Consol.	31-dic	Zara Home	Retail sales
Zara Home Japan Corp.	100,00%	Tokyo - Japan	Full Consol.	31-ene	Zara Home	Retail sales
Zara Home Canada, Inc	100,00%	Montreal - Canada	Full Consol.	31-ene	Zara Home	Retail sales
Zara Home Taiwan, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-ene	Zara Home	Holding company

Company	Effective % of ownership	Location	Consolidation method	Reporting date	Chain	Line of business
Zara Home Taiwan, B.V. TW Branch	100,00%	Taipei - Taiwan	Full Consol.	31-ene	Zara Home	Retail sales
Zara Logística, S.A.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Zara	Logistics
Plataforma Europa, S.A.	100,00%	Zaragoza - Spain	Full Consol.	31-ene	Zara	Logistics
Plataforma Logística León, S.A.	100,00%	León- Spain	Full Consol.	31-ene	Zara	Logistics
Plataforma Logística Meco, S.A.	100,00%	Madrid- Spain	Full Consol.	31-ene	Multi-concept	Logistics
Pull & Bear Logística, S.A.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Pull & Bear	Logistics
Massimo Dutti Logística, S.A.	100,00%	Barcelona - Spain	Full Consol.	31-ene	Massimo Dutti	Logistics
Bershka Logística, S.A.	100,00%	Barcelona - Spain	Full Consol.	31-ene	Bershka	Logistics
Oysho Logística, S.A.	100,00%	Barcelona - Spain	Full Consol.	31-ene	Oysho	Logistics
Stradivarius Logística, S.A.	100,00%	Barcelona - Spain	Full Consol.	31-ene	Stradivarius	Logistics
Zara Home Logística, S.A.	100,00%	León- Spain	Full Consol.	31-ene	Zara Home	Logistics
Uterqüe Logística, S.A.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Uterqüe	Logistics
Lefties Logística, S.A.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Zara	Logistics
Inditex Logística, S.A.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Zara	Logistics
Tordera Logística, S.L.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Multi-concept	Logistics
Corporación de Servicios XX1, S.A. de C.V.	100,00%	Mexico City - Mexico	Full Consol.	31-dic	Multi-concept	Services
ITX Fashion Ltd	100,00%	Ireland	Full Consol.	31-ene	Multi-concept	Retail sales
Goa-Invest, S.A.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Multi-concept	Construction
Goa-Invest Deutschland GMBH	100,00%	Hamburg - Germany	Full Consol.	31-ene	Multi-concept	Construction
Zara Vastgoed, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-ene	Zara	Real estate
Vastgoed Asia, Ltd.	100,00%	Hong Kong - China	Full Consol.	31-ene	Zara	Real estate
SNC Zara France Immobiliere	100,00%	Paris - France	Full Consol.	31-dic	Zara	Real estate
SCI Vastgoed Ferreol P03302	100,00%	Paris - France	Full Consol.	31-dic	Zara	Real estate
SCI Vastgoed France P03301	100,00%	Paris - France	Full Consol.	31-dic	Zara	Real estate
SCI Vastgoed General Leclerc P03303	100,00%	Paris - France	Full Consol.	31-dic	Zara	Real estate
SCI Vastgoed Nancy P03304	100,00%	Paris - France	Full Consol.	31-dic	Zara	Real estate
Invercarpro, S.A.	100,00%	Madrid - Spain	Full Consol.	31-ene	Zara	Real estate
Robustae S.G.P.S. Unip. Lda.	100,00%	Lisbon - Portugal	Full Consol.	31-ene	Zara	Retail sales
Lefties España, S.A.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Zara	Real estate
Inditex Cogeneración, A.I.E.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Multi-concept	Combined heat and power plant
Inditex, S.A.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Zara	Dormant
Zara Holding II, B.V	100,00%	Amsterdam - Netherlands	Full Consol.	31-ene	Multi-concept	Holding company
Zara, S.A.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Zara	Dormant
Zara, S.A.	100,00%	Buenos Aires - Argentina	Full Consol.	31-ene	Zara	Dormant
Fashion Logistic Forwarders, S.A.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Multi-concept	Logistics
FSF New York, LLC	100,00%	New York - USA	Full Consol.	31-ene	Zara	Real estate
Fashion Retail España, S.A.	100,00%	La Coruña - Spain	Full Consol.	31-ene	Multi-concept	Retail sales
ITX USA, LLC	100,00%	New York - USA	Full Consol.	31-ene	Multi-concept	Retail sales
ITXR Macedonaia Dooel Skopje	100,00%	Skopje-Macedonia	Full Consol.	31-dic	Multi-concept	Retail sales
ITX E-commerce (Shanghai) Co. Ltd	100,00%	Shanghai- China	Full Consol.	31-dic	Multi-concept	Retail sales
ITX Financien II, B.V.	100,00%	Amsterdam - Netherlands	Full Consol.	31-ene	Multi-concept	Financial services
ITX Canada, Inc.	100,00%	Montreal - Canada	Full Consol.	31-ene	Multi-concept	Retail sales
Jointly controlled entities:						
Tempe, S.A.	50,00%	Alicante - Spain	Prop. Consol.	31-ene	Multi-concept	Sale of footware
Tempe México, S.A. de C.V.	50,00%	Mexico City - Mexico	Prop. Consol.	31-dic	Multi-concept	Sale of footware
Tempe Logística, S.A.	50,00%	Alicante - Spain	Prop. Consol.	31-ene	Multi-concept	Logistics
Tempe Brasil, Ltda.	50,00%	Sao Paulo -Brazil	Prop. Consol.	31-dic	Multi-concept	Sale of footware
Tempe Diseño, S.L.	50,00%	Alicante - Spain	Prop. Consol.	31-ene	Multi-concept	Design
Tempe Trading	50,00%	Fribourg - Switzerland	Prop. Consol.	31-ene	Multi-concept	Sale of footware
Tempe Trading Asia Limited	50,00%	Hong Kong - China	Prop. Consol.	31-ene	Multi-concept	Sale of footware

CONSOLIDATED DIRECTORS' REPORT
31 JANUARY 2013

Amounts expressed in millions of euros

Performance in FY2012

In FY2012 INDITEX continued its global, multi-concept, multi-channel growth.

Net sales reached €15.9 billion in FY2012, with sales growth of 16% (14% in local currencies).

Like-for-like sales increased 6% in FY2012 (7% first half and 6% second half). The like-for-like calculation includes 77% of FY2012 store sales (i.e. sales in stores opened for the whole of fiscal years 2012 and 2011).

In FY2012 INDITEX **retail space** increased 11.4%. Time weighted space growth was 10.6%. Total selling area at FYE reached 3,161,448 square metres:

Square metres	31 January 2013	31 January 2012	Chg % 12/11
Zara	2,009,717	1,824,753	10%
Pull & Bear	254,413	223,687	14%
Massimo Dutti	172,095	152,614	13%
Bershka	338,450	300,351	13%
Stradivarius	206,584	178,231	16%
Oysho	74,669	68,261	9%
Zara Home	93,166	79,001	18%
Uterqüe	12,354	12,082	2%
Total	**3,161,448**	**2,838,980**	**11%**

Net store openings in FY2012 amounted to 482 reaching a total of 6,009 stores in 86 markets. In FY2012 INDITEX has opened stores in 64 markets:

	Net openings	Total stores	
Concept	**2012**	**31 Jan 2013**	**31 Jan 2012**
Zara	120	1,751	1,631
Zara Kids	(25)	174	199
Pull & Bear	69	816	747
Massimo Dutti	57	630	573
Bershka	74	885	811
Stradivarius	96	780	684
Oysho	41	524	483
Zara Home	47	357	310
Uterqüe	3	92	89
Total	**482**	**6,009**	**5,527**

A list of quarterly openings and stores opened as at FYE by concept and by market is included in Annexes IV and V.

All the concepts have increased their sales demonstrating their global reach. **Net sales by concept** are shown in the table below:

Concept	2012	2011	Chg % 12/11
Zara	10,541	8,938	18%
Pull&Bear	1,086	957	13%
Massimo Dutti	1,134	1,013	12%
Bershka	1,485	1,316	13%
Stradivarius	961	871	10%
Oysho	314	313	1%
Zara Home	350	317	10%
Uterqüe	74	68	9%
Total	**15,946**	**13,793**	**16%**

The Group operates a global sales platform. **Store sales by geographical area** are shown in the table below:

Area	2012	2011
Europe (ex-Spain)	45%	45%
Spain	21%	25%
Asia and ROW	20%	18%
America	14%	12%
Total	**100%**	**100%**

Online sales for Zara were launched in Poland and China in 2012.

Gross profit rose to €9.5 billion, 16% higher than the previous year. The Gross margin has reached 59.8% of sales (59.3% in FY2011).

Operating expenses have been tightly managed over the year and have grown by 14%, mainly as a result of the strong growth in sales and the new retail space added. They include all the start-up costs for new space addition.

Million euros	2012	2011
Personal expenses	2,548	2,234
Rental expenses	1,530	1,399
Other operating expenses	1,527	1,286
Total	**5,605**	**4,919**

At FYE 2012 the number of employees was 120,314 (109,512 at FYE 2011).

FY2012 **EBITDA** came to €3.9 billion, 20% higher than the previous year, and EBIT to Ð3.1 billion, 24% higher.

The breakdown of EBIT by concept is shown below:

EBIT by concept (Million euros)				% sales	% total
Concept	**2012**	**2011**	**Chg% 12/11**	**2012**	**2012**
Zara	2,233	1,725	29%	21.2%	72%
Pull&Bear	182	140	30%	16.7%	6%
Massimo Dutti	197	238	-18%	17.3%	6%
Bershka	239	159	51%	16.1%	8%
Stradivarius	208	192	9%	21.7%	7%
Oysho	26	36	-29%	8.2%	1%
Zara Home	41	39	5%	11.7%	1%
Uterqüe	-9	-8	-	-	-
Total EBIT	**3,117**	**2,522**	**24%**	**19.5%**	**100%**

The following chart shows the breakdown of Financial results.

Million euros	2012	2011
Net financial income (losses)	13	16
Foreign exchange gains (losses)	1	20
Total	**14**	**37**

Net income came to €2.4 billion, 22% higher than the previous year.

INDITEX's Board of Directors will propose at the General Shareholders Meeting a dividend increase of 22%, composed of an ordinary dividend of €1.90 per share and a bonus dividend of €0.30 per share, equating to a **total dividend** of €2.20 per share. €1.10 will be payable on 2 May 2013 as an interim ordinary dividend and €1.10 would be payable on 4 November 2013 as the final ordinary and bonus dividend.

INDITEX continued to show a strong financial position in FY2012.

Million euros	31 Jan 2013	31 Jan 2012
Cash & cash equivalents	3,843	3,467
Short term investiments	261	0
Current financial debt	(2)	(1)
Non current financial debt	(4)	(2)
Net financial cash (debt)	**4,097**	**3,465**

The operating working capital position remains negative, as a consequence of the business model.

Million euros	31 Jan 2013	31 Jan 2012
Inventories	1,581	1,277
Receivables	848	531
Payables	(3,409)	(2,679)
Operating working capital	**(980)**	**(871)**

Funds from Operations reached €3.3 billion in FY2012, 25% higher.

Ordinary Capital Expenditure for FY2012 amounted to €1.1 billion driven by retail space growth in the year. Extraordinary capital expenditure amounted to €245 million mainly as a result of the acquisition of unique retail premises for Zara at 333 Oxford Street/ 89 New Bond Street in London.

Dividends paid to shareholders in 2012 reached €1.1 billion.

Start of FY2013

Store sales in local currencies, adjusted for the calendar effect of an extra trading day in February 2012 due to the leap year, have increased by 12% from 1 February to 11 March 2013. The Spring/Summer season is influenced by the performance over the Easter period due to its significant sales volumes.

Capital Expenditure in FY2013 is expected to be approximately €1.25 billion driven mainly by the addition of new retail space during the year.

INDITEX continues to optimize its retail base through the enlargement of flagship stores, the rollout of the new store image and larger average stores.

FY2013 space growth is expected to be in line with its long term targets. Net store openings are expected to be 440-480 in FY2013. Approximately 70% of the new contracts have been signed but in some cases openings may not take place in FY2013.

Concept	**Range**	
Zara	110	115
Pull & Bear	40	45
MD	45	50
Bershka	75	80
Stradivarius	95	100
Oysho	35	40
Zara Home	35	40
Uterqüe	5	10
Total	**440**	**480**

Zara began online sales in Canada on 6 March 2013. Zara plans to launch online sales in the Russian Federation in the Autumn/Winter season.

FY2013 corporate calendar

INDITEX expects to release interim results for FY2013 on the following dates:

Interim Three Months	12 June 2013
Interim Half Year	18 September 2013
Interim Nine Months	11 December 2013
Fiscal Year	March 2014 (tbc)

For additional information:

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Disclaimer

This document is of a purely informative nature and does not constitute an offer to sell, exchange or buy, or the solicitation of an offer to buy, securities issued by any of the companies mentioned herein.

This document contains forward-looking statements. All statements other than statements of historical fact included herein, including, without limitation, those regarding our financial position, business strategy, management plans and objectives for future operations are forward-looking statements. Any such forward-looking statements are subject to risk and uncertainty and thus could differ materially from actual results.

Some of these risks include, amongst others, ongoing competitive pressure in the sector, consumer tastes and spending trends, economic, political, regulatory and trade conditions in the markets where the INDITEX Group is present or in the countries where the Group's products are manufactured or distributed.

The risks and uncertainties that could affect the forward-looking statements are difficult to predict. The company assumes no obligation to publicly revise or update its forward-looking statements in the case of unexpected changes, events or circumstances that could affect them. Given the uncertainties of forward-looking statements, we caution readers not to place undue reliance on these statements.

For a discussion of these and other factors that may affect forward looking statements and the INDITEX Group's business, financial conditions and results of operations, see the documents and information communicated by the company to the Comisión Nacional del Mercado de Valores (the Spanish Securities Commission).

The contents of this disclaimer should be taken into account by all persons or entities.

- TABLES AND APPENDIX TO FOLLOW -

Consolidated financial statements

FY2012 profit & loss statement

(Million Euros)	FY2012	FY2011
Net sales	15,946	13,793
Cost of sales	(6,417)	(5,612)
Gross profit	**9,529**	**8,180**
Gross margin	59.8%	59.3%
Operating expenses	(5.605)	(4.919)
Other net operating income (losses)	(12)	(3)
Operating cash flow (EBITDA)	**3,913**	**3,258**
EBITDA margin	24.5%	23.6%
Amortisation and depreciation	(796)	(736)
Operating income (EBIT)	**3,117**	**2,522**
EBIT margin	19.5%	18.3%
Financial results	14	37
Income before taxes	**3,131**	**2,559**
EBT margin	19.6%	18.6%
Taxes	(764)	(613)
Net income	**2,367**	**1,946**
	14.8%	14.1%
Minorities	6	13
Net income attributable to the controlling company	**2,361**	**1,932**
Net income margin	14.8%	14.0%
Earnings per share, cents of euro*	**379**	**310**

* Shares for EPS calculation 623.3 million for 2012 and 623.2 million for 2011

Consolidated Balance Sheet as of 31 January 2013

(Million Euros)	31 January 2013	31 January 2012
ASSETS		
CURRENT ASSETS	**6,692**	**5,437**
Cash & cash equivalents	3,843	3,467
Short term investments	261	0
Receivables	848	531
Inventories	1,581	1,277
Other	160	162
NON CURRENT ASSETS	**6,198**	**5,522**
Tangible assets	4,745	4,083
Intangible assets	820	832
Financial investments	4	10
Other	629	597
TOTAL ASSETS	**12,890**	**10,959**
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES	**3,485**	**2,703**
Payables	3,409	2,679
Financial debt	2	1
Other	74	23
NON CURRENT LIABILITIES	**923**	**801**
Financial debt	4	2
Deferred taxes	192	183
Other	727	617
SHAREHOLDERS' EQUITY	**8,482**	**7,456**
Equity attributable to the Group	8,446	7,415
Minority interests	36	41
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	**12,890**	**10,959**

FY12 Consolidated Statement of Cash Flows

(Million Euros)	FY2012	FY2011
Income before taxes	**3,131**	**2,559**
Adjustments to income		
Depreciation and amortization	811	693
Foreign exchange impact	(14)	(29)
Other	146	83
Corporate income tax	**(818)**	**(693)**
Funds from operations	**3,256**	**2,613**
Changes in assets and liabilities		
Increase in inventories	(376)	(57)
Increase in accounts receivable	(289)	(80)
Decrease in current liabilities	529	(67)
Changes in working capital	**(137)**	**(204)**
Cash from operations	**3,119**	**2,408**
Intangible assets investments	(122)	(122)
Tangible assets investments	(1,193)	(1,082)
Acquisitions of businesses	0	(106)
Addition to other long-term financial investments	0	(13)
Other assets investments	(24)	(27)
Variations in short-term financial investments	(261)	0
Capital expenditure	**(1,599)**	**(1,349)**
Net decrease in long-term financial debt	4	(23)
Net decrease in other long-term debt	0	(0)
Net increase in current debt	1	(14)
Dividends	(1,130)	(1,004)
Other financing activities	0	1
Cash used in financing activities	**(1,125)**	**(1,041)**
Net increase in cash and cash equivalents	394	19
Cash and cash equivalents at beginning of the year	3,467	3,433
Foreign exchange impact on cash & cash equivalents	(18)	14
Cash and cash equivalents at end of the year	**3,843**	**3,467**

Annex I

Income statement: FY2012 quarterly results

	1Q	2Q	3Q	4Q
Net sales	3,416	3,823	4,123	4,584
Cost of sales	(1,358)	(1,568)	(1,562)	(1,929)
Gross profit	**2,058**	**2,255**	**2,561**	**2,655**
	60.2%	59.0%	62.1%	57.9%
	142 p.b.	102 p.b.	42 p.b.	-76 p.b.
Operating expenses	(1,293)	(1,397)	(1,400)	(1,515)
Other net operating income (losses)	(1)	(1)	(5)	(4)
Operating cash flow (EBITDA)	**764**	**857**	**1,157**	**1,135**
	22.4%	22.4%	28.1%	24.8%
Amortisation and depreciation	(187)	(196)	(210)	(203)
Operating income (EBIT)	**577**	**661**	**947**	**932**
	16.9%	17.3%	23.0%	20.3%
Financial results	2	26	(12)	(2)
Income before taxes	**578**	**688**	**935**	**930**
	16.9%	18.0%	22.7%	20.3%
Taxes	(146)	(174)	(224)	(220)
Net income	**432**	**514**	**711**	**710**
	12.6%	13.4%	17.3%	15.5%
Minorities	0	2	(1)	4
Net income attributable to the controlling company	**432**	**512**	**712**	**705**
	12.6%	13.4%	17.3%	15.4%

Annex II

Return on Equity, defined as Net income on average Shareholder's equity:

	2012	2011
Net income	2,361	1,932
Shareholders equity - previous year	7,415	6,386
Shareholders equity - current year	8,446	7,415
Average equity	7,930	6,900
Return on equity	**30%**	**28%**

Return on Capital Employed, defined as EBIT on average capital employed (Shareholder's equity plus net financial debt):

	2012	2011
EBIT	3,117	2,522
AVERAGE CAPITAL EMPLOYED		
Average shareholders' equity	7,930	6,900
Average net financial debt *	0	0
Total average capital employed	**7,930**	**6,900**
Return on capital employed	**39%**	**37%**

* Zero when cash

Return on Capital Employed by concept:

Concept	2012	2011
Zara	37%	32%
Pull & Bear	57%	50%
Massimo Dutti	42%	79%
Bershka	51%	38%
Stradivarius	57%	64%
Oysho	21%	29%
Zara Home	38%	40%
Uterqüe	-	-
Total	**39%**	**37%**

Annex III

Company-managed stores and franchised stores at FYE:

Concept	Co. Mag.	Franchised	Total 2012
Zara	1,557	194	1,751
Zara Kids	174		174
Pull & Bear	701	115	816
Massimo Dutti	546	84	630
Bershka	763	122	885
Stradivarius	639	141	780
Oysho	470	54	524
Zara Home	321	36	357
Uterqüe	75	17	92
Total	**5,246**	**763**	**6,009**

Sales in company-managed and franchised stores:

Concept	Co. Mag.	Franchised
Zara	86%	14%
Pull & Bear	84%	16%
Massimo Dutti	81%	19%
Bershka	84%	16%
Stradivarius	82%	18%
Oysho	87%	13%
Zara Home	86%	14%
Uterqüe	82%	18%
Total	**85%**	**15%**

Annex IV

Summary of net openings by quarter:

Concept	1Q 2012	2Q 2012	3Q 2012	4Q 2012	Total 2012
Zara	28	12	50	30	120
Zara Kids	(3)	(4)	(5)	(13)	(25)
Pull & Bear	10	13	24	22	69
Massimo Dutti	11	8	24	14	57
Bershka	16	12	32	14	74
Stradivarius	15	17	32	32	96
Oysho	9	6	22	4	41
Zara Home	5	10	14	18	47
Uterqüe	0	1	1	1	3
Total	**91**	**75**	**194**	**122**	**482**

Total stores by quarter:

Concept	1Q 2012	2Q 2012	3Q 2012	4Q 2012
Zara	1,659	1,671	1,721	1,751
Zara Kids	196	192	187	174
Pull & Bear	757	770	794	816
Massimo Dutti	584	592	616	630
Bershka	827	839	871	885
Stradivarius	699	716	748	780
Oysho	492	498	520	524
Zara Home	315	325	339	357
Uterqüe	89	90	91	92
Total	**5,618**	**5,693**	**5,887**	**6,009**

Annex V

Stores by concept and market as at 31 January 2013

Market	Zara	Zara Kids	Pull & Bear	Massimo Dutti	Bershka	Stradivarius	Oysho	Zara Home	Uterqüe	INDITEX
ANDORRA	1	0	1	1	1	1	1	1	1	8
ARGENTINA	10	0	0	0	0	0	0	0	0	10
ARMENIA	1	0	1	1	1	1	1	0	0	6
AUSTRALIA	6	0	0	0	0	0	0	0	0	6
AUSTRIA	12	0	1	0	5	0	0	0	0	18
AZERBAIJAN	2	0	1	0	2	1	1	0	0	7
BAHREIN	2	0	2	2	1	1	1	1	0	10
BELGIUM	27	0	6	23	8	0	0	6	7	77
BOSNIA	1	0	1	0	1	1	0	0	0	4
BRAZIL	39	0	0	0	0	0	0	2	0	41
BULGARIA	6	0	4	3	5	4	4	0	0	26
CANADA	22	0	0	1	0	0	0	0	0	23
CHILE	8	0	0	0	0	0	0	0	0	8
CHINA	138	0	57	42	58	57	30	12	2	396
COLOMBIA	11	0	2	3	8	9	0	1	0	34
COSTA RICA	2	0	0	1	0	0	0	1	0	4
CROATIA	9	0	5	2	7	5	2	1	0	31
CYPRUS	5	0	5	3	6	6	3	3	2	33
CZECH REPUBLIC	6	0	4	1	4	2	0	0	0	17
DENMARK	2	0	0	0	0	0	0	0	0	2
DOMINICAN REPUBLIC	3	0	1	2	2	2	2	1	0	13
ECUADOR	1	0	1	0	1	1	0	0	0	4
EGYPT	4	0	4	3	4	3	2	2	2	24
EL SALVADOR	2	0	2	0	1	1	0	0	0	6
ESTONIA	2	0	1	0	1	1	0	0	0	5
FINLAND	4	0	0	0	0	0	0	0	0	4
FRANCE	126	0	22	21	41	20	12	17	0	259
FYR MACEDONIA	1	0	1	1	1	1	0	0	0	5
GEORGIA	1	0	1	1	1	1	1	0	0	6
GERMANY	69	0	0	11	3	0	0	8	0	91
GREECE	41	6	23	12	28	15	18	9	2	154
GUATEMALA	2	0	2	1	2	1	1	1	0	10
HONDURAS	2	0	1	0	2	0	0	0	0	5
HUNGARY	7	0	6	1	8	6	1	0	0	29
ICELAND	2	0	0	0	0	0	0	0	0	2
INDIA	9	0	0	0	0	0	0	0	0	9
INDONESIA	11	0	8	3	5	8	0	0	0	35
IRELAND	9	0	5	1	5	2	0	0	0	22
ISRAEL	20	0	23	2	5	0	0	0	0	50
ITALY	90	12	36	8	46	42	47	26	0	307
JAPAN	83	0	0	0	7	0	0	0	0	90
JORDAN	2	0	2	2	1	3	1	1	1	13

Market	Zara	Zara Kids	Pull & Bear	Massimo Dutti	Bershka	Stradivarius	Oysho	Zara Home	Uterqüe	INDITEX
KAZAKHSTAN	3	0	1	1	2	1	0	0	0	8
KUWAIT	5	0	4	2	2	1	3	1	2	20
LATVIA	4	0	3	1	3	1	0	0	0	12
LEBANON	6	0	6	6	6	5	6	5	2	42
LITHUANIA	4	0	4	3	4	4	0	0	0	19
LUXEMBOURG	2	0	0	1	0	0	0	0	0	3
MALAYSIA	9	0	2	5	4	0	0	0	0	20
MALTA	1	0	3	1	2	2	1	1	0	11
MEXICO	56	0	40	33	51	5	36	17	8	246
MONACO	1	0	0	0	0	0	0	0	0	1
MONTENEGRO	1	0	1	0	1	1	1	0	0	5
MOROCCO	4	0	2	2	2	6	3	3	1	23
NETHERLANDS	22	0	4	3	9	0	0	4	0	42
NORWAY	3	0	0	1	0	0	0	0	0	4
OMAN	1	0	0	0	0	1	1	1	0	4
PANAMA	2	0	0	0	0	0	0	0	0	2
PERU	1	0	0	0	0	0	0	1	0	2
PHILIPPINES	6	0	0	3	0	0	0	0	0	9
POLAND	42	0	29	19	37	61	12	5	0	205
PORTUGAL	62	19	62	43	49	43	36	27	7	348
PUERTO RICO	2	0	0	1	0	0	0	0	0	3
QATAR	2	0	2	2	2	1	2	2	1	14
ROMANIA	20	0	18	7	17	17	6	3	0	88
RUSSIAN FEDERATION	67	0	55	24	59	58	44	18	6	331
SAUDI ARABIA	26	0	11	12	25	33	17	4	2	130
SERBIA	4	0	2	2	2	2	2	0	0	14
SINGAPORE	7	0	4	4	3	2	0	0	0	20
SLOVAKIA	3	0	2	0	2	3	0	0	0	10
SLOVENIA	5	0	2	1	4	4	0	0	0	16
SOUTH AFRICA	3	0	0	0	0	0	0	0	0	3
SOUTH KOREA	39	0	4	4	4	4	0	0	0	55
SPAIN	332	137	278	243	268	291	196	144	41	1,930
SWEDEN	9	0	0	3	0	0	0	0	0	12
SWITZERLAND	10	0	0	6	2	0	0	0	0	18
TAIWAN	5	0	0	1	0	0	0	0	0	6
THAILAND	8	0	2	2	2	2	0	0	0	16
TUNISIA	2	0	0	0	0	0	0	0	0	2
TURKEY	32	0	21	16	23	21	19	12	2	146
UAE	9	0	7	10	7	7	7	6	3	56
UKRAINE	9	0	9	3	9	9	4	0	0	43
UNITED KINGDOM	65	0	5	11	4	0	0	10	0	95
UNITED STATES	45	0	0	2	0	0	0	0	0	47
URUGUAY	2	0	0	0	0	0	0	0	0	2
VENEZUELA	9	0	4	0	9	0	0	0	0	22
Total	**1,751**	**174**	**816**	**630**	**885**	**780**	**524**	**357**	**92**	**6,009**

Other information

Related party transactions

Transactions with related parties are described in note 29 to the consolidated annual accounts. The Company did not carry out any transactions with related parties in 2012 that substantially affected its financial position or results.

Risks and uncertainties

The Group's risks and uncertainties are described in note 25 to the consolidated annual accounts. There were no significant risks or uncertainties at year-end.

Research and development expenditure

The Inditex Group generally does not carry out research and development projects, which are defined as projects, other than those involving the design of garments, accessories or household products, in which amounts are invested over several years to develop assets on which a return is expected over multi-year periods.

Since its inception, the Company has been run with the help of the technology available in all areas of activity in order to improve manufacturing and distribution processes, and by developing in-house or third-party tools to facilitate the management of the business. Some examples of this are point-of-sale terminals, inventory management systems, distribution center delivery systems, systems for communications with stores and in-store garment labeling systems.

Treasury shares

At the reporting date the Parent did not hold any treasury shares.

Events after the reporting period

No significant events have occurred since the reporting date.

Financial risk management policy

Note 25 to the consolidated annual accounts includes additional information on the financial risk management policy.

Annual Corporate Governance Report

The corporate governance report is available at www.inditex.com and was published in the section on Significant Event Communications of the CNMV (Spanish National Securities Market Commission) website on 13 March 2013.

ANNUAL CORPORATE GOVERNANCE

In this Annual Corporate Governance Report, the Board of Directors of INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX, S.A.), (hereinafter, **"INDITEX"** or the **"Company"**) has included all the relevant information corresponding to fiscal year 2012 which commenced on 1 February 2012 and closed on 31 January 2013, excepting those cases in which other dates of reference are specifically mentioned. In Spain, Act 26/2003 of 17 July (hereinafter, the "Transparency Act"), which amended the [Spanish] Stock Exchange Act and the then prevailing Revised Text of the [Spanish] Corporation Act with the purpose of reinforcing the transparency of listed companies, developed the series of reflections on the principles and practices that should govern the corporate governance of listed companies that were contained in the Report of the Olivencia Commission and, subsequently, in the Report of the Special Commission for the Promotion of Transparency and Security in Financial Markets and Listed Companies (hereinafter, the "Aldama Report"), giving regulatory support to the findings and recommendations contained therein as regards the promotion of transparency. Finally, on 22 May 2006, the Board of the *Comisión Nacional del Mercado de Valores* (Spanish Stock Exchange Commission, hereinafter the *"CNMV"*), resolved to approve as a single document which encompasses the recommendations on corporate governance, the Unified Good Governance Code prepared by the Special Work Group set up further to a resolution of the Spanish Government with the goal of assisting the *CNMV* with the harmonisation and update of the recommendations included in the Olivencia and Aldama Reports.

The contents and structure of this Report adjust to the model laid down by Circular 4/2007 dated 27 December of *CNMV*, whereby the model of the annual corporate governance report of listed companies is amended, and to the new requirements set out in Act 2/2011 of 4 March on Sustainable Economy which adds on its fifth Additional Provision a new chapter VI to Part IV of Act 24/1988, of 28 July, on the Stock Exchange which governs the additional information to be provided on the model of annual corporate governance report currently in force.

This Annual Corporate Governance Report is subject to publication as a relevant fact and is available on the corporate web site: www.inditex.com.

Corporate governance rules of INDITEX are established in its Articles of Association, Board of Directors' Regulations, Regulations of the General Meeting of Shareholders, the Internal Regulations of Conduct regarding Transactions in Securities, the Code of Conduct and Responsible Practices and the Regulations of the Social Advisory Board, as it is explained in more detail below:

Articles of Association

These were approved by the General Meeting of Shareholders in July 2000. The Annual General Meeting held in April 2001 introduced an amendment consisting of a reduction in the number of shares required to attend the General Meeting, while the one held in July 2003 resolved new amendments, mostly on account of the new duties of transparency, information and protection of the shareholder, which were introduced by Act 44/2002 of 22 November, on Measures for the Reform of the Financial System (hereinafter, the "Financial Law") and by the recommendations and findings regarding corporate governance, and specifically those included in the Aldama Report. Subsequently, the AGM passed several amendments regarding the full adaptation to the Transparency Act and the inclusion of recommendations on corporate governance, underscoring the following ones: (i) the requirement to hold at least 50 shares in the Company to be eligible to attend Annual General Meetings was suppressed; (ii) the possibility for shareholders to grant proxy and to issue votes by mail or electronic means was included in the regulations of the company; (iii) some rules were laid down for those cases where a shareholders' proxy is in conflict of interest; (iv) the change in the composition of the Audit and Control Committee; (v) a new article regarding the Nomination and Remuneration Committee, and (vi) a new article on the web page of the company. Subsequent amendments were added to adjust the Articles of Association to the amendments introduced by Act 3/2009 of 3 April on Structural Amendments of Companies and to extend the maximum number of members sitting on the Supervision and Control Committees of the Board of Directors (the Audit and Control Committee and the Nomination and Remuneration Committee) to better meet the requirements of the Company and to mirror the composition of the Board of Directors, further to the resolution passed by the AGM held on 13 July 2010 regarding the appointment of two new independent directors. The Annual General Meeting of Shareholders held on 19 July 2011 resolved the adjustment of the Articles of Association to the Revised Text of the Act on Capital Companies, approved by *Real Decreto Legislativo* 1/2010 of 2 July. The amendment consisted of replacing any references to the "Spanish Corporation Act" or any other express reference to any given statute, with a generic reference to the "Law" or the "applicable regulations", for the purposes of preventing that any successive regulatory change might entail the relevant amendment to the Articles of Association. Likewise, certain amendments were introduced regarding the form and contents of the notice calling the Annual General Meeting of Shareholders, in order to adjust the duties of the Audit and Control Committee to the new wording of 18th Additional provision of the Act on

the Stock Exchange and the contents of the web page regarding information to the shareholders.

Finally, certain articles of the Articles of Association were amended during the AGM held on 17 July 2012 in order to meet the regulatory changes introduced by Act 25/2011 of 1 August, whereby portions of the Act on Capital Companies were amended, and by Directive 2007/36/EC of the European Parliament and of the Council, of 11 July, on the exercise of certain rights of shareholders in listed companies, which has entailed certain amendments to the regulations of listed corporations.

Board of Directors' Regulations

These were approved by the Board of Directors in July 2000. Their purpose is to determine the principles of operation of the Board, the basic rules for its organisation and proceedings and the rules governing the conduct of its members; they include, among other matters, rules regarding the appointment and removal of directors, their rights and duties and the relationship of the Board with the shareholders, the markets and the external auditors, all this with the aim of achieving the highest possible degree of efficiency. The Board of Directors' Regulations were already subject to a major reform, as resolved by the Board of Directors on 20 March 2003, in order to adapt them to the new obligations introduced by the Financial Act, and to the recommendations of the Aldama Report. Said reform, however, did not take into account all the mandates of the Transparency Act, which was published after such resolution. For such reason, a new amendment to the internal rules on governance of the Board of Directors was approved by the meeting it held on 10 June 2004 to fully include the provisions of the Transparency Act and the implementing regulations thereof, and to undertake other reforms, which although not mandatory, aimed at reviewing and updating the contents of the Board of Directors' Regulations in light of the most recent trends on the issue of good corporate governance, harmonising the terminology used. Then, the Board of Directors approved certain amendments to the Regulations in order to adjust them to the new recommendations of the Unified Good Governance Code. The reform of the Board of Directors' Regulations approved by said body on 13 July 2010 aimed at adjusting the wording of certain sections of the Board´s Regulation to the amendments introduced to the Articles of Association, including the extension of the maximum number of members sitting on the Supervision and Control Committees (the Audit and Control Committee and the Nomination and Remuneration Committee), in order to adjust them to the requirements of the Company and to the new composition of the Board of Directors, further to the resolution passed by the AGM held on that same date, regarding the appointment of two new independent directors.

Finally, the Board of Directors held last 12 June 2012 resolved to amend the Board of Directors' Regulations in order to: (i) encompass the regulatory changes introduced by Act 25/2011 of 1 August, and Act 2/2011 of 4 March, on Sustainable Economy; among such changes, apart from those made to adjust such Regulations to the new wording of the Articles of Association, the following should be underscored: the change in section 17 to include the possibility that a third of Directors may call the Board of Directors under certain circumstances, as provided in section 246 of the Act on Capital Companies, as amended, and the amendment of paragraphs 3 and 4 of section 28 and paragraph 2 of section 39, to adjust their contents to sections 61 *bis* and 61 *ter* of Act 24/1988 of 28 July, on the Stock Exchange, as amended, which govern the requirement for listed companies to issue on an annual basis a report on corporate governance and another on the remuneration of Directors; (ii) include recommendations 44 and 54 of the Unified Good Governance Code of Listed Companies; (iii) extend the powers of the Audit and Control Committee and of the Nomination and Remuneration Committee; and (iv) remove any references to the repealed Spanish Corporation Act, and replacing them with the relevant references to the Act on Capital Companies and introducing technical and editorial improvements.

Regulations of the General Meeting of Shareholders

This text was approved at the Annual General Meeting held on 18 July 2003. Its aim is to govern the proceedings of the General Meeting as to calling of meetings, preparation, information, attendance, development and exercise of voting rights, and to inform the shareholders of their rights and duties relating to this. The Annual General Meeting of Shareholders held on 16 July 2004 approved the amendment to the Regulations of the General Meeting of Shareholders in order to include the provisions of the Transparency Act and the implementing regulations thereof, updating at the same time the contents of the Regulations in light of the most recent trends on the issue of good corporate governance. Subsequently, the AGM approved certain amendments to these Regulations in order to adjust their contents to the new recommendations laid down in the Unified Good Governance Code, and for the purposes of adjusting their wording to the regulatory changes introduced by the new Act on Capital Companies Additionally, in order to prevent any successive amendment based exclusively upon any changes in the name of the applicable regulations, any reference to the "Spanish Corporation Act" or any

other express reference to the applicable regulations, have been replaced with a generic reference to the "Law" or the "applicable regulations".

The latest amendment to the Regulations of the General Meeting of Shareholders, resolved by the AGM held on 17 July 2012 sought: (i) to adapt them to the new wording of the Articles of Association and encompass the regulatory changes introduced by Act 25/2011, of 1 August, which entailed several changes to the regulation of listed corporations; and, (ii) to adapt the remit of the Annual General Meeting of Shareholders concerning compensation by means of delivery of shares and the advisory say on pay vote on the annual report on Directors' compensation.

Internal Regulations of Conduct regarding Transactions in Securities (hereinafter, the "Internal Regulations of Conduct" or "IRC")

Approved by the Board of Directors in July 2000, this document contains, among others, the rules governing the confidentiality of relevant information, transactions involving securities of INDITEX and its group of companies by the persons included in its scope, its treasury stock policy and communication of relevant facts. In its meetings on 20 March and 11 December 2003, the Board of Directors approved revised texts of the Internal Regulations of Conduct, in order to adapt them firstly to the new obligations introduced by the Financial Act, and secondly to the recommendations contained in the *Aldama* Report, redefining several concepts and strengthening control over those transactions that could be carried out at some point in the future by Affected Persons with securities of the company, amongst other amendments. Finally, said revised text was amended further to a resolution of the Board of Directors dated 13 June 2006 for the purposes of adapting the contents thereof to the provisions of *Real Decreto (Royal Decree)* 1333/2005, of 11 November, implementing the Stock Exchange Act in the matter of market abuse.

Code of Conduct and Responsible Practices of the INDITEX Group

Approved by the Board of Directors on 16 July 2012, this Code replaces the former Code of Conduct of the INDITEX Group and the Internal Guidelines for the Responsible Practices of the Inditex Group. The Code of Conduct and Responsible Practices provides the action lines which must be followed by the Group in the performance of its professional duties. Its goal consists of exacting an ethical and responsible professional conduct from INDITEX and its entire workforce in the conduct of their business anywhere in the world, as a gist of its corporate culture upon which the training and the personal and professional career of its employees is based. For such purposes, the principles and values which shall govern the relationship between the Group and its stakeholders (employees, customers, shareholders, business partners, suppliers and the societies where its business model is implemented) are defined. The Code of Conduct and Responsible Practices is based upon a number of general principles, inter alia, that according to which the operations of the INDITEX Group shall be developed under an ethical and responsible perspective; all persons, whether natural or legal, who maintain, directly or indirectly, any kind of professional, economic, social or industrial relationships with the INDITEX Group shall be treated in a fair and honourable manner and that according to which, all the activities of the Group shall be carried out in the manner that most respects the environment, promoting biodiversity preservation and sustainable management of natural resources.

The full text of all the aforementioned documents is available on the corporate web site (www.inditex.com).

Regulations of the Social Advisory Board

The Social Advisory Board is the advisory body of INDITEX with regard to Corporate Social Responsibility. In December 2002, the Board of Directors authorised its creation and approved its Regulations, which determine the principles of action, the basic rules governing its organisation and operation and the rules of conduct of its members.

A. Ownership structure

A.1. Share capital of the Company

Date of last amendment	Share capital (€)	Number of shares	Number of voting rights
20-07-2000: Resolution passed by the Annual General Meeting of Shareholders	93,499,560	623,330,400	623,330,400

All the shares are of the same class and series, represented by the book-entry method and are fully paid-up and subscribed.

INDITEX has been listed on the Spanish Stock Markets since 23 May 2001 and has been part of the selective Ibex 35 since July 2001. In addition, it has been part of the *Eurotoxx* 600 since September 2001, of the selective Morgan Stanley Capital International index since November 2001, of the Dow Jones Sustainability Index since September 2002, of the F*TSE4Good* since October 2002 and of the *FTSE ISS Corporate Governance* index, since its launching in December 2004.

A.2. Direct and indirect holders of significant holdings in the Company at the date of the fiscal year end, excluding the directors

As INDITEX's shares are represented by the book-entry method and no shareholders register is kept by the Company, the ownership structure of the company may not be accurately known.

Anyway, according to the information provided by *CNMV* on its web site and to the information provided to INDITEX by shareholder Rosp Corunna Participaciones Empresariales, S.L., the owners of significant holdings in the company as at 31 January 2013, excluding the directors, were those shown below:

Name or company name of the shareholder	Number of direct voting rights	Number of indirect voting rights *	% Total of share capital
PARTLER 2006, S.L.	57,872,465		9.284%
Rosalía Mera Goyenechea(*)	0	31,494,806	5.053%

* Through:

Name or company name of the direct owner of the shareholding	Number of direct voting rights	% on total voting rights
ROSP CORUNNA PARTICIPACIONES EMPRESARIALES, S.L.	31,494,806	5.053

The Company has not been given notice of any significant movements in the shareholding structure over the year.

A.3. Members of the Board of Directors of the Company who have voting rights attached to shares in the Company

As at 31 January 2013, the members of the Board of Directors who had a stake in the share capital of the Company were as follows:

Name or company name of the director	Number of direct voting rights	Number of indirect voting rights *	% on the total vote rights
Pablo Isla Álvarez de Tejera	361,064	0	0.058
Amancio Ortega Gaona	0	369,600,063(*)	59.294
José Arnau Sierra	6,000	0	0.001
GARTLER, S.L.	311,727,598	0	50.010
Irene Ruth Miller	13,240	0	0.002
Nils Smedegaard Andersen	7,000	0	0.001
Carlos Espinosa de los Monteros Bernaldo de Quiros	40,000	0	0.006
Emilio Saracho Rodríguez de Torres	0	0	0
Juan Manuel Urgoiti López de Ocaña	27,739	0	0.004

* Through:

Name or company name of the direct holder of the stake	Number of direct voting rights	% on the total voting rights
GARTLER, S.L.	311,727,598	50.010
PARTLER 2006, S.L.	57,872,465	9.284
TOTAL	**369,600,063**	**59.294**

Total % of voting rights held by the Board of Directors	**59.37%**

No member of the Board of Directors has any rights over shares in the Company.

A.4. Family, business, contractual of Company relationships existing between the holders of significant holdings

The Company has not been given notice of any family, business, contractual or corporate relationships existing between the holders of significant holdings that are of a relevant nature or that do not stem from the ordinary course of trade, without prejudice to that referred to under item A.3 above as regards the fact that Mr Amancio Ortega Gaona is the indirect holder of the shares held by two significant shareholders: Gartler, S.L. and Partler 2006, S.L.

A.5. Business, contractual or Company relationships existing between the holders of significant holdings and the Company

There have been no relations of a business, contractual or corporate nature between the holders of significant holdings and the Company that are of a relevant nature or that do not stem from the ordinary course of trade, subject to the information provided under section C regarding related-party transactions, for transparency purposes.

A.6. Para-social agreements affecting the Company pursuant to the provisions of Art. 112 of the LMV (Stock Exchange Act) reported to the Company. Shareholders bound by the agreement. Existence of concerted actions among shareholders. Modification or breaking of those pacts or agreements or concerted actions

The Company has not received any notices regarding the making of para-social agreements nor does it have any proof of the existence of concerted actions between its shareholders.

A.7. Legal or natural person who exerts control or could exert control over the Company in accordance with article 4 of the Spanish Stock Exchange Act

Name or company name
Amancio Ortega Gaona
Remarks
He holds through GARTLER, S.L. and PARTLER 2006, S.L. 59.294% in the share capital.

A.8. Treasury stock of the Company

At year-end closing:

Number of direct shares	Number of indirect shares	total % on share capital
0	0	0%

During the fiscal year there have not been any significant variations in accordance with the provisions of Royal Decree 1362/2007 in the treasury stock of the Company.

A.9. Conditions and term of the current mandate given by the General Meeting to the Board of Directors to carry out acquisitions or transfers of the Company's own shares

At the date of the issue of this report, the authorisation granted by the Annual General Meeting of Shareholders of the Company held on 17 July 2012 remains in force, by virtue of which the Board of Directors was authorised to acquire the company's own shares. Below is a literal transcription of the resolution passed by the aforementioned Annual General Meeting on item nine of the Agenda:

"To authorize the Board of Directors, so that, in accordance with the provisions of section 146 of the Act on Capital Companies, it may proceed to the derivative acquisition of treasury stock, either directly or through any subsidiaries in which the Company is the controlling company, observing the legal limits and requirements and under the following conditions:

a) Methods of acquisition: the acquisition shall be done through purchase and sale, exchange or dación en pago [acceptance in lieu of payment].

b) Maximum number of treasury stock to be acquired: shares with a nominal value which, added to that of those shares, directly or indirectly in the possession of the Company, do not exceed 10% of the share capital.

c) Maximum and minimum prices: the minimum price of acquisition of the shares shall be their nominal value and the maximum price shall be up to 105% of their market value at the date of purchase.

d) Duration of the authorization: five (5) years from the date of this resolution.

For the purposes of the provisions of paragraph a) of section 146.1 of the Act on Capital Companies, it is hereby stated that the shares purchased under this authorization may be allocated by the Company, among other things, to be handed out to the employees or directors of the Company, either directly or as a result of the exercise of any option they may hold, under remuneration schemes for staff of the Company or its Group.

This authorization supersedes the authorization approved by the Annual General Meeting of Shareholders held on 13 July 2010".

A.10. Legal or by-law restrictions on the exercise of voting rights. Legal restrictions on the acquisition or transfer of interests in the share capital

All shares of the Company have the same voting and financial rights attached and there are no legal or by-law restrictions on the acquisition or transfer of shares.

As regards the exercise of voting rights, the only restriction is that contained in section 83.1 of the Act on Capital Companies, which provides that any shareholder who is in arrears regarding any outstanding payments may not exercise their right to vote.

A.11. Annual General Meeting of Shareholders agreement for the adoption of anti-takeover measures in the event of a public tender offer pursuant to the provisions of Act 6/2007

There has been no Annual General Meeting of the Shareholders agreement for the adoption of anti-takeover measures in the event of a public tender offer pursuant to the provisions of Act 6/2007.

B. Administrative structure of the company

B.1 Board of Directors

Apart for the matters reserved to the General Meeting of Shareholders, the Board of Directors is the highest decision-making, supervisory and controlling body of the company, as it is entrusted with the direction, administration, management and representation of the company, delegating in general the management of the day-to-day business of INDITEX to the executive bodies and to the management team and concentrating its efforts on the general supervisory function, which includes directing INDITEX's policy, monitoring the management activity, assessing the management by the senior management, taking the most relevant decisions for the company and acting as a link with the shareholders.

It is also incumbent on the Board of Directors to ensure that the Company enforces its social and ethical duties, and its duty to act in good faith with regard to its relationship with its employees and with third parties, as well as to ensure that no individuals or small groups of individuals have a decision power within the company which has not been subjected to counterweights and controls, and that no shareholder receives a more privileged treatment than the others.

The Board performs its functions in accordance with the corporate interest, it being understood as the viability and maximization of the company's value in the long term in the interest of all the shareholders, which shall not prevent taking into account the rest of lawful interests, either public or private, that concur in the development of every business activities, and specially those of the other "stakeholders" of the Company (employees, customers, suppliers and civil society in general), determining and reviewing its business and financial strategies in the light of said criterion, trying to achieve a reasonable balance between the selected proposals and the risks taken.

B.1.1. Maximum and minimum number of directors provided in the Articles of Association

Maximum number of directors	12
Minimum number of directors	5

B.1.2. Members of the Board

Name or company name of the director	Representative	Office on the Board	Date of first appointment	Date of latest appointment	Election procedure
Pablo Isla Álvarez de Tejera		Chairman	9-06-2005	13-07-2010	AGM
Amancio Ortega Gaona		Ordinary member	12-06-1985	13-07-2010	AGM
José Arnau Sierra		Deputy Chairman	12-06-2012	17-07-2012	AGM
GARTLER, S.L.	Flora Pérez Marcote	Ordinary member	12-12-2006	17-07-2012	AGM
Irene Ruth Miller		Ordinary member	20-04-2001	19-07-2011	AGM
Nils Smedegaard Andersen		Ordinary member	08-06-2010	13-07-2010	AGM
Carlos Espinosa de los Monteros Bernaldo de Quirós		Ordinary member	30-05-1997	14-07-2009	AGM
Emilio Saracho Rodríguez de Torres		Ordinary member	08-06-2010	13-07-2010	AGM
Juan Manuel Urgoiti López de Ocaña		Ordinary member	02-01-1993	13-07-2010	AGM
TOTAL NUMBER OF DIRECTORS					**9**

Vacancies occurred on the Board of Directors during the period

During the year in course, and in accordance with the relevant fact disclosed to CNMV on 13 June 2012, the Board of Directors of INDITEX accepted the resignation tendered by Mr Francisco Luzón López, an independent director, who stepped down from the Board of Directors, the Executive Committee, the Audit and Control Committee and the Nomination and Remuneration Committee of the Company.

B.1.3. Members of the Board and their different categories

Executive directors

Name or company name of the board member	Committee which proposed that member's appointment	Position in the organisational chart of the company
Pablo Isla Álvarez de Tejera	Nomination and Remuneration Committee	Chairman and Chief Executive Officer (CEO)
TOTAL NUMBER OF EXECUTIVE DIRECTORS		**1**
TOTAL % OF BOARD MEMBERS		**11.11**

Non-executive proprietary directors

Name or company name of board member	Committee which proposed that member's appointment	Name or company name of the significant shareholder being represented or who has proposed the appointment
GARTLER, S.L.	Nomination and Remuneration Committee	Amancio Ortega Gaona
Amancio Ortega Gaona	Nomination and Remuneration Committee[1]	Amancio Ortega Gaona
José Arnau Sierra	Nomination and Remuneration Committee	Amancio Ortega Gaona
TOTAL NUMBER OF PROPRIETARY DIRECTORS		**3**
TOTAL % OF BOARD MEMBERS		**33.33**

(1) The first appointment of proprietary director Amancio Ortega Gaona took place before the Nomination and Remuneration Committee was set up.

Non-executive independent directors

Name or company name of the board member	Committee which proposed that member's appointment	Profile
Nils Smedegaard Andersen	Nomination and Remuneration Committee	(1)
Carlos Espinosa de los Monteros Bernaldo de Quirós	Nomination and Remuneration Committee	(1)
Irene Ruth Miller	Nomination and Remuneration Committee	(1)
Emilio Saracho Rodríguez de Torres	Nomination and Remuneration Committee	(1)
Juan Manuel Urgoiti López de Ocaña	Nomination and Remuneration Committee	(1)
TOTAL NUMBER OF INDEPENDENT DIRECTORS		**5**
TOTAL % OF BOARD MEMBERS		**55.55**

(1) A brief description of the profile of the non-executive independent members of the Board of Directors of the company is given below:

Mr Nils S. Andersen. (54)

He has been an independent director since June 2010. He is a graduate in Business and Economics from the University of Aarhus in Denmark. He joined Carlsberg in 1983 and became Group Vice President in 1988. From 1990 to 1997 Nils Andersen worked abroad as CEO of Carlsberg Spain and later of Carlsberg German Brewery group. Nils Andersen left Carlsberg in 1997 to become CEO of Hero's drinks division based in Switzerland until he in 1999 returned to Carlsberg as member of the Executive Board with responsibility for European drinks operations. In 2001 he became CEO of Carlsberg A/S and led the group through a period of acquisitions and international growth until he in 2007 left Carlsberg to become Partner & Group CEO of A.P. Moller – Maersk. Nils Andersen is a member of the European Round Table of Industrialists (ERT)

since 2001 and since 2007 member of the EU-Russia Industrialists' Round Table (IRT). Within the A.P. Moller – Maersk Group he is Chairman of the Executive Board, Chairman of Maersk Oil & Gas A/S and Chairman of Danish Supermarket A/S. In 2010 he was awarded "Knight of the Dannebrog".

Mr Carlos Espinosa de los Monteros Bernaldo de Quirós. (68)

He has been an independent director since May 1997. He is a graduate in Law and Business Studies from ICADE and a Commercial Expert and State Economist. He has been the Chairman of the Board of Directors of Mercedes Benz España, Deputy Chairman of the *Instituto Nacional de Industria*, Chairman of the Board of Directors of Iberia and Aviaco, member of the Executive Committee of the International Air Transport Association and Chairman of the *Círculo de Empresarios*, of the Spanish Association of Car and Truck Manufacturers and of the International Organisation of Motor-Vehicle Manufacturers. At the present time he chairs *Fraternidad-Muprespa* and sits on the board of *Acciona*, *S.A.*, *Schindler España*, and the Yell Group. He has been awarded the G*randes Cruces del Mérito Civil* and *Mérito Aeronáutico*. He was appointed Alto Comisionado del Gobierno para la Marca España *[High Commissioner for the Brand "Spain"]* in July 2012.

Ms Irene R. Miller. (60)

She has been an independent director since April 2001. She is a Science graduate of the University of Toronto with a Bachelor in Science and of Cornell University with a Master of Science in chemistry. She began her career at General Foods Corporation and later worked as an investment banker for Rothschild Inc. and Morgan Stanley & Co. In 1991 she joined Barnes & Noble as Senior Vice President of Corporate Finance and in 1993, before the flotation of Barnes & Noble, became Chief Financial Officer. In 1995, she was appointed director and Vice-Chairman of the Board of Directors of Barnes & Noble. At present time, she is the CEO of Akim, Inc., an American investment and consulting firm, which she first joined in 1997. She is also a member of the Boards of Directors of Coach Inc., (where she is *lead director*) and Toronto-Dominion Bank Financial Group. Previously, she served on the Board of Directors of Oakley Inc., Benckiser N.V., The Body Shop International Plc and Barnes & Noble, Inc.

Mr Emilio Saracho Rodríguez de Torres. (57)

He has been an independent director since June 2010. A Graduate in Economics from the Complutense University in Madrid, he has an MBA from the University of California in Los Angeles (UCLA), awarded in 1980. He was also a Fulbright scholar. Mr Saracho began his career in 1980 in Chase Manhattan Bank, where he was responsible for operations in different sectors such as Oil and Gas, Telecommunications and Capital goods. In1985, he took part in the launching and implementation of *Banco Santander de Negocios*, where he led the Investment Banking division. In 1989, he was appointed head of the Division of Large Companies of Grupo Santander and Deputy General Director. He has been a director of FISEAT, Santander de *Pensiones and Santander de Leasing*. In 1990, he worked for Goldman Sachs in London as co-head of Spanish and Portuguese operations. In 1995, he returned to Santander Investment as General Director in charge for the Investment Banking area worldwide. From 1996 to 1998, he was responsible for the Banking operations in Asia. Mr Saracho joined J.P. Morgan in 1998 as Chairman for Spain and Portugal and head of business for the Iberian Peninsula and member of the European Management Committee. From early 2006 to January 1st 2008, he was Chief Executive Officer of J.P. Morgan Private Bank for Europe, the Middle East and Africa, based in London. He also sat on the Operating Committee and on the European Management Committee, while chairing at the same time J.P. Morgan in Spain and Portugal. He is in charge of Investment Banking operations of J.P. Morgan in Europe, the Middle East and Africa. He sits on the Executive Committee of the Investment Bank and on the Executive Committee of JPMorgan Chase. He is Deputy C.E.O. for EMEA since December 2012.

Mr Juan Manuel Urgoiti López de Ocaña. (73)

He has been an independent director since January 1993. He is a graduate in Law from the University of Madrid, beginning his career in the *Banco de Vizcaya* in 1962. After holding many executive positions, he was appointed General Manager in 1978, director in 1984 and CEO in 1986. In 1988, after its merger with the Banco Bilbao he was appointed CEO of the *Banco Bilbao Vizcaya*. He has been President of Ahorrobank, Banco de Crédito Canario, Banco Occidental, Instituto de Biología y Sueroterapia and *Laboratorios Delagrange* and Board member of *Antibióticos*, S.A. At the present time he is the Chairman of the *Banco Gallego* and Deputy Chairman of *Acciona*, S.A. He is President of the *Fundación Gaiás-Cidade da Cultura* and of private foundation *Fundación José Antonio de Castro*, and is a member of other foundations and institutions. He holds the *Gran Cruz de Mérito Civil* and has been awarded the honour of Commander of the Order of the British Empire (C.B.E.).

Other non-executive directors

There have been no other non-executive directors who cannot be considered proprietary or independent.

Variations that, where appropriate, have occurred during the period in the category of each director

Mr Juan Manuel Urgoiti López de Ocaña is currently a non-executive independent director. He was previously classified as "other non-executive directors" as he served on the Board of Directors of Banco Gallego, S.A. as executive director. Mr Antonio Abril Abadín was a director of *Banco Gallego, S.A*. until June 2012.

B.1.4. Reasons why proprietary directors have been appointed at the behest of shareholders whose stake is less than 5% in the share capital

No proprietary directors have been appointed at the behest of shareholders whose stake is less than 5% in the share capital.

There have been no formal petitions for presence on the Board received from shareholders whose stake is equal to or greater than that of others at whose proposal proprietary directors have been appointed.

B.1.5. Withdrawn from his/her position before the expiry of his/her term of office

Name or company name of the shareholder	Reasons
Francisco Luzón López	Resignation

Mr Francisco Luzón López addressed a letter to the Company on 12 June 2012 giving notice of his resignation after more than 15 years in office.

The resignation of Mr Luzón as ordinary member of the Board of Directors, the Executive Committee, the Audit and Control Committee and the Nomination and Remuneration Committee of the Company was accepted by the Board of Directors on 12 June 2012, in accordance with the relevant fact disclosed to *CNMV* on 13 June 2012.

B.1.6. Powers delegated o the managing director

The Chairman of the Board of Directors and the Executive Committee and C.E.O., Pablo Isla Álvarez de Tejera, has been delegated each and every one of the powers contained in the list included further below, and these must be exercised in the following manner and conditions: all of them individually, without distinction, with the exception of those that: a) involve the disposal of funds in excess of a certain amount, in which case t the Chairman and C.E.O. should act jointly with another person who in virtue of any legal title is also empowered with the power in question and/or b) involve the alienation or encumbrance of real property of the Company, for which a prior resolution of the Board of Directors or, the Executive Committee, shall be required.

The requirement of joint action provided in the preceding paragraph shall not apply when it involves transactions, actions or contracts that, regardless of the amount involved, are carried out or awarded between companies belonging to the INDITEX group, understanding as such those companies, whether Spanish or foreign, in which INDITEX,., whether directly or indirectly through other investee companies, is the holder of at least 50% of its share capital, in which case any of the authorized individuals may act individually, in the name and on behalf of the company, independently of the amount involved in the matter in question.

List of powers:

1.- To appear and represent the Company vis-à-vis all manner of authorities, agencies, centres, departments and offices of the General State Administration, Central or Peripheral Government, autonomous communities, provinces, municipalities, the Corporate, Independent and European Administration, public registries of all types and, in general, any public or private entity or person whatsoever. To sign and file all manner of applications, petitions, unsworn statements or affidavits, pleadings and documents; make and pursue all types of claims; and, in general, exercise such powers as may be required for the management and defence of the rights of the Company.

2.- To sign, send and receive and collect from the Spanish postal and telegraphic authorities or offices ordinary or registered postal or telegraphic correspondence, declared value items and postal and telegraphic money orders. To file any claims before said authorities or offices and, where appropriate, collect the related indemnity payments.

3.- To verify consignments of all kinds of merchandise and goods by land, sea or air, and to receive those addressed to the Company. To file the relevant claims against railroad and shipping companies and against carriers in general for breakdowns, delays, losses or any other breach of the transportation agreement, and to collect the indemnity agreed with the same or set by the courts. To sign agreements and arrangements of all types with carriers, travel agencies, hotels, restaurants and other persons or entities who intervene in the transport of individuals or in the sphere of the hotel and catering industry.

4.- To claim and collect amounts owing to the Company for whatever reasons and to sign the appropriate receipts. To make payments. To render and require the rendering of accounts, and to challenge or approve

the same. To provide, cancel and recover all manner of bonds and deposits, including those at/of the Spanish General Savings Deposit and its branches.

5.- To enter into all manner of loan and credit agreements. To open current, loan, savings or any other account with credit institutions and/or finance companies, both public and private; with respect to all such accounts and any other account existing in the Company's name, to deposit or pay in cash sums, withdraw amounts or dispose of same by means of receipts, cheques and drafts, pay by transfer or order transfers, endorse or send for debiting bills of exchange, trade bills and credit notes, as well as bills or invoices payable by the Company; and to approve or challenge the balances shown in such accounts; to stand guarantee for other companies belong to the "INDITEX" group and, in consequence, to sign in favour of those guarantees, bonds and other guarantee documents, as well as guarantee policies and counter-guarantee policies and, in general, to carry out all that is permitted under the legislation and banking practices.

6.- To draw, endorse, assign or transfer by any means other than endorsement, to accept, sign, require conformity, guarantee, cause the assignment of the provision for, collect, discount and pay bills of exchange, promissory notes, cheques, money orders and other commercial drafts, participate in the acceptance or payment of the same, protest such bills or drafts or make the equivalent declaration, and disclose in the protest document the reasons for not having accepted or paid the bills and drafts charged to the Company. To act as a plaintiff or defendant in connection with bills of exchange in all manner of legal matters, acts or dealings and pre-trial and procedural steps or actions due to non-acceptance or non-payment, and to bring any of the other actions provided for in the Bills of Exchange and Cheques Act or any other applicable legislation.

7.- To execute, with the aforementioned limitation in relation to real property, all manner of acts and contracts relating to movables and real property, rights, securities, participation units, shares, interests, at such prices, for such considerations, under such terms, in such periods and under such provisions, clauses and terms as are deemed appropriate. Specifically, to acquire, assign, grant and dispose of or transfer for whatever title, including that of a court-ordered sale in lieu of payment, all manner of movable or real property, rights, trademarks and other distinctive signs and industrial property rights, securities, participation units, shares and interests; take out all manner of compulsory and voluntary insurance; execution of works, services and supplies of all kinds; to rent and let, take in leasing or sublet; to create, amend, acknowledge and extinguish real property rights; including chattel mortgages and pledges without transfer of possession and all manner of encumbrances on real and movable property and rights owned by the Company; carry out groupings of, additions of, divisions of and severances of title to properties, make declarations of new construction work and divisions of real property under the condominium ownership system, establishing the bylaws which shall govern the same; and to conduct and participate in measurements, surveys and boundary marking, approving the same and executing any certificates that may be issued. Regarding all the above acts and contracts, they may act with the broadest powers in the execution and performance thereof, requiring, where appropriate, whatever is necessary for such purpose, as well as to amend, novate, cancel or terminate the same.

8.- To grant all manner of acts and contracts relating to IT, management, security and communication products, equipment and systems, as well as those referring to intellectual property arising out of or related with the same and, in general, any others referring to all manner of movables; to contract the execution of works, services and supplies of all types, at such prices, for such considerations, under such terms, in such periods and under such provisions, clauses and conditions as are deemed appropriate. Specifically, to acquire, assign, grant, encumber and dispose of or transfer for whatever title, including that of a court-ordered sale in lieu of payment, the aforementioned goods; to rent and let them, take them in leasing or subletting them; to create, amend, acknowledge and extinguish real property rights and guarantee rights on the movables belonging to the Company. Regarding all the above acts and contracts, they may act with the broadest powers in the execution and performance thereof, requiring, where appropriate, whatever is necessary for such purpose, as well as to amend, novate, cancel, terminate or discharge them.

9.- To enter all manner of agreements for business collaboration, such as franchise contracts, joint-venture contracts, accounts in participation, commercial distribution, licence and agency contracts and, in general, all those that the national and international expansion of the company can require.

10.- To appear in deeds of incorporation, alteration, merger or winding-up of all kinds of entities and companies, and attend, on behalf of the Company, assemblies, meetings or ordinary and extraordinary meetings of shareholders, intervening therein and casting their vote in the manner that they deem appropriate whatever the matter that is being debated and on which resolutions are passed, accepting positions and appointments and, in general, exercising in the name of the company any rights that may correspond to it.

11.- To attend, in the name and on behalf of the company, meetings, general meetings and assemblies of condominiums or co-owners, intervening therein and casting their vote in the way that they deem appropriate, whatever the matter that is being debated and on which resolutions are passed, accepting positions and appointments and, in general, exercising in the name of the company any rights that may correspond to it in Condominium Owner Communities, as well as in the meeting they these may hold in compliance with the current Condominium Property Law and other applicable legislation.

12.- To attend on behalf of the Company all kinds of auctions and bidding called by Central Government, autonomous communities and provincial and municipal authorities and private or public persons and entities and, to this effect, submit tender conditions, declarations, plans and estimates, make bids and provide bonds; holding, in short and without any limitation whatsoever, such powers as may be required to obtain and accept, provisionally or definitively, with such qualifications as are deemed appropriate, the relevant award and to exercise the rights and perform the obligations arising therefrom.

13.- To set up the offices, workplaces and buildings of the Company and to organize the services provided therein. To hire staff, establishing recruitment and joining terms; to freely appoint and remove the same, including executives and skilled employees; to establish their rights, duties, powers and functions, salary, bonuses and indemnity payments; to agree upon promotions and transfers; and to exercise penalization and disciplinary powers, as well as to act on behalf of the Company before the employees' collective representation bodies and to represent it in the negotiation of agreements or pacts whatever their scope or nature.

14.- To represent the Company before any manner of authorities and administrative bodies, that have authority in labour and Social Security matters, bringing proceedings and claims, requesting or not the suspension of the actions being the subject of the claim, to appear and act in matters pending in which their principal has a direct or indirect interest, in all manner of cases and proceedings, proposing and examining all types of evidence; to request and obtain documents, copies, certificates and transfers; to file, prepare and draft all manner of pleadings, applications, petitions, allegations and claims; and, in general, to carry out all those acts that are necessary in the labour life of the Company, to file its registration as a company before the labour authorities and the Social Security, those necessary for and arising out of the hiring of all manner of workers, including applying for and receiving payment of subsidies and allowances, the registration of workers [with the relevant authorities], etc., as well as those actions that are necessary for or are motivated by the amendment or termination of that labour relationship; those that are necessary for or arise out of the training that has to be given to the personnel of the company; statements and payments of Social Security contributions, requests for postponement and refunds, all that are necessary in the relations of the company with the employment and job-search offices; and, in general, to following the procedures through all its stages and motions, bringing the appropriate actions before the courts or not, until such time as firm decisions are obtained and fully enforced.

15.- To represent the Company before all manner of authorities and administrative bodies, that have authority in respect of Health and Safety at Work and Labour Risks, bringing proceedings and filing claims and, in general, carrying out all those actions that may be desirable for the principal company in those cases in which it, directly or indirectly, may have an interest. To carry out all that may be necessary to promote and maintain the safety of the workers in the workplaces, complying with the legislation on the prevention of Labour Risks and other complementary regulatory schemes; to plan and executive the policy for the prevention of risks; to act in the name of the company before the workers and their representative bodies and participating bodies as regards prevention; to draw up and introduce an occupational hazard plan; to organise the prevention service, providing it with the material and human resources that are necessary for it to develop its activity; to contract and to sign arrangements with authorised entities for the provision or acting as external prevention services; to carry out, organise and arrange the carrying out of assessments of risks, medical check-ups and other health check measures and prevention systems; to contract the performance of external labour risk prevention audits and, in general, all those acts that are related to such risks. To proceed to insure common and occupational risks of the workers, signing agreements and association documents with of the Social Security Agencies and Mutual Insurance Companies for Work Accidents and Industrial Diseases of the Social Security, or entities that should replace them in such functions and tasks, reporting or putting an end to, at the appropriate time, those that may have been signed; to accept positions and participate in those governing boards and advisory boards of such entities collaborating in the management of Social Security.

16.- As regards procedural rules, to exercise all those actions that are available to the principal and to waive those brought. To appear before the ordinary and special Courts of Law and Tribunals of all levels and jurisdictions, in all manner of trials, as well as in any kind of voluntary jurisdiction cases, administrative and economic-administrative cases. Consequently,

to enter into conciliation agreements, with or without composition settlements, to mediate in pre-court proceedings, to file relevant claims and to answers summons and notifications, to sue, contest or accept, and report or lodge complaints; to file statements and ratify them, request and obtain documents; to request the practice of any proceedings whatsoever including: indictments, imprisonment and releases from prison; to hear notifications, notices, citations and summons, to assert and challenge jurisdictions; to apply for joinder of claims; challenge judges, magistrates and court officials; to propose and examine evidence and submit depositions; to attend court appearances, hearings and meetings and speak and vote, including Meetings of Creditors in all manner of collective execution proceedings, and may take part in auctions and request the adjudication of goods in partial or total payment of the debt being claimed; to reach a composition in court and outside court, to file and pursue, to the end, the litigation or case through its particular proceedings, possible incidents and appropriate appeals, until such time as firm resolutions, decisions or judgments are obtained and enforced; to take responsibility for the money or goods that are subject to the procedure being followed and, in general, exercising in the name of the company any rights that it may be entitled to.

17.- To compromise and refer to arbitrators all matters in respect of which they are empowered, either in any of the types of arbitration proceedings with the scope and under the requirements provided for in Spanish legislation on arbitration, or those types of arbitration proceedings characteristic of international commercial arbitration.

18.- To request that a Notary Public enter into record the minutes, and to serve and receive notices and summons by Notaries.

19.- To replace some or all of the foregoing powers by granting the relevant powers of attorney and to revoke all the powers granted, and to get copies of all kinds of records and deeds.

20.- To execute in public deeds the resolutions passed by the Shareholders in General Meeting, the Board of Directors and the Executive Committee.

B.1.7. Members of the Board who hold the position of director or senior manager in other companies that are part of the Group

Name or company name of the director	Company name of the entity of the group	Office
Carlos Espinosa de los Monteros Bernaldo de Quirós	ZARA UK, Ltd.	Director

B.1.8. Directors of the Company that are members of the Boards of Directors of other companies that are listed on official stock markets in Spain that are not part of the Group

Name or company name of director	Name of listed company	Office
Pablo Isla Álvarez de Tejera	TELEFÓNICA, S.A.	Ordinary member of the Board of Directors
Carlos Espinosa de los Monteros Bernaldo de Quirós	ACCIONA, S.A.	Ordinary member of the Board of Directors
Juan Manuel Urgoiti López de Ocaña	ACCIONA, S.A.	2nd Deputy Chairman of the Board of Directors

B.1.9. Rules established regarding the number of Boards of which its directors may be members

Pursuant to the provisions of section 21.2 of the Board of Directors' Regulations, the Board may not propose or appoint any persons to fill up a vacancy on the Board who already perform the duties of Directors at the same time, in more than four listed companies other than the Company.

B.1.10. Company's general policies and strategies reserved for approval by the Board in plenary session

	YES	NO
The investment and financial policy	X	
The definition of the structure of the group of companies	X	
The corporate governance policy	X	
The corporate social responsibility policy	X	
The strategic or business Plan, as well as management goals and annual budgets	X	
The policy regarding compensation and assessment of performance of senior management	X	
The enterprise risk management and control policy as well as the periodic monitoring of the internal information and control systems	X	
The dividends policy as well as the treasury stock policy and especially, the limits thereto	X	

B.1.11. Total remuneration of the Directors that has accrued during the year

a) In the Company that is the subject of this report

Item - remuneration	Amounts in EUR thousands
Fixed remuneration	3,268
Variable remuneration	3,112
Per diems	
Provisions set forth in the Articles of Association	
Options on shares and/or other financial instruments	
Others	1,598
TOTAL	**7,978**

Other Benefits	Amounts in EUR thousands
Advances	
Loans granted	
Pension Funds and Plans: Contributions	1,625
Pension Funds and Plans: Obligations contracted	1,625
Life insurance premiums	
Guarantees contracted by the company in favour of the directors	

b) From the Company's directors belonging to other Boards of Directors and/or the senior management of companies of the Group

Item - remuneration	Amounts in EUR thousands
Fixed remuneration	
Variable remuneration	
Per diems	
Provisions set forth in the Articles of Association	
Options on shares and/or other financial instruments	
Others	40
TOTAL	**40**

Other Benefits	Amounts in EUR thousands
Advances	
Loans granted	
Pension Funds and Plans: Contributions	
Pension Funds and Plans: Obligations contracted	
Life insurance premiums	
Guarantees contracted by the company in favour of the directors	

c) Total remuneration by type of director

Type of director	By company	By group
Executive	6,480	
Non-executive Proprietary	361	
Non-executive Independent	1,137	40
Other Non-executive		
TOTAL	**7,978**	**40**

d) With respect to the income attributed to the controlling Company

Total remuneration of directors (EUR thousands)	8,018
Total remuneration of the directors / income attributed to the controlling company (expressed in %)	0.34

B.1.12. Members of senior management who are not in turn executive directors and total remuneration accrued in their favour during the fiscal year

Name or company name	Office
Antonio Abril Abadín	General Counsel and Secretary of the Board
Marco Agnolin	Director of BERSHKA
Lorena Alba Castro	Logistics Director
Eva Cárdenas Botas	Director of ZARA HOME
Carlos Crespo González	Internal Audit Director
José Pablo del Bado Rivas	Director of PULL & BEAR
Jesús Echevarría Hernández	Chief Communication Officer
Ignacio Fernández Fernández	Chief Financial Officer
Begoña López-Cano Ibarreche	Human Resources Director
Abel López Cernada	Import, Export and Transport Director
Marcos López García	Capital Markets Director
Juan José López Romero	Procurement Director
Luis Maseres Ghiloni	Director of UTERQÜE
Gabriel Moneo Marina	IT Director
Javier Monteoliva Díaz	Legal Director
Jorge Pérez Marcote	Director of MASSIMO DUTTI
Óscar Pérez Marcote	Director of ZARA
Felix Poza Peña	Corporate Social Responsibility Director
Ramón Reñón Túñez	Director General Adjunto al Presidente y Consejero Delegado [Deputy General Manager]
Carmen Sevillano Chaves	Director of OYSHO
Jordi Triquell Valls	Director of STRADIVARIUS
TOTAL REMUNERATION SENIOR MANAGEMENT (EUR THOUSANDS)	**14,094**

B.1.13. Indemnity or golden parachute clauses, for cases of dismissal or changes in control, in favour of the members of the senior management, including the executive directors, of the Company or of its Group. Contracts reported to and/or approved by the governing bodies of the Company or of its Group

Number of beneficiaries	12

The Board of Directors is the decision-making body of the Company that approves such clauses. Information about the same are provided to the Annual General Meeting.

B.1.14. Process used to establish the remuneration of the members of the Board of Directors and the clauses in the Articles of Association relating thereto

The General Meeting of Shareholders is the body responsible for approving the system and the amount of directors' compensation.

Article 33 of the Articles of Association reads as follows:

"1.- The remuneration of the directors shall consist of a fixed annual remuneration for each director the amount of which shall be decided by the General Meeting of Shareholders for each fiscal year or be valid for those fiscal years that the Meeting establishes. In the same manner, the General Meeting of Shareholders may assign per diems for attendance of the meetings of the Board of Directors or of its Delegate or Consultative Committees and set the amount thereof.

2.- Additionally, systems of remuneration may be established that are referenced to the market value of the shares or which entail the giving of shares or option rights over shares, destined for the directors. The application of said systems of remuneration must be agreed by the General Meeting of Shareholders, which shall determine the value of the shares that it takes as a reference, the number of shares to be given, the exercise price of the option rights, the period of duration of this remuneration system and the other conditions that it considers appropriate.

Likewise, and after having met the requirements laid down by the Law, similar remuneration systems may be established for the personnel, whether management personnel or not, of the company and of the companies in its group.

3.- The remuneration foreseen in this article shall be compatible with and independent of the salaries, remunerations, indemnifications, pensions or compensations of any kind, generally or extraordinarily established for those members of the Board of Directors who perform executive duties, whatever their relationship with the company, whether a labour (common or special senior management relationship), mercantile or service relationship, relationships that shall be compatible with the status of member of the Board of Directors.

4.- The company may take out public liability insurance for its Directors."

Meanwhile, section 28 of the Board of Directors' Regulations reads as follows:

"1.- Directors shall be entitled to receive the remuneration fixed by the General Meeting of Shareholders in accordance with provisions of the corporate bylaws and of these Regulations and in accordance with the instructions of the Nomination and Remuneration Committee.

2.- The Board shall endeavour for the remuneration of directors to be reasonable according to market demands. Likewise, the Board shall ensure that the remuneration of external directors is such so as to offer incentives to dedication by the directors, while not compromising their independence.

3.- A report on the compensation policy shall be approved every year by the Board of Directors, at the motion of the Nomination and Remuneration Committee, and such report shall include full, accurate and understandable information about the compensation policy of the Company approved by the Board for the year in course, as well as, where appropriate the expected policy for years to come. Such report shall also include a comprehensive summary addressing the enforcement of the compensation policy during the year, as well as a breakdown of individual remunerations accrued by each Director, separating fixed remuneration from variable remuneration and underscoring the remaining relevant terms of the employment agreements of those who discharge senior management duties.

4.- The annual report on Directors' compensation shall be disclosed and put to the advisory say on pay vote of the Annual General Meeting of shareholders as a separate item of the agenda".

The Annual General Meeting held on 19 July 2011 resolved to amend in part the remuneration of the directors set by the AGM held on 18 July 2006 and 15 July 2008, with indefinite validity until a later General Meeting should resolve otherwise, and effective as of 90of the directors of INDITEX, the amounts stated in the sections below being totally independent and fully compatible between each other:

(a) Each director shall receive a fixed annual amount of EUR one hundred thousand (€100,000) for the tenure of their office;

(b) The Deputy Chairman or Deputy Chairmen of the Board of Directors shall also receive an additional fixed annual amount of EUR eighty thousand (€80,000);

(c) The Chairmen of the Audit and Control Committee and of the Nomination and Remuneration Committee shall also receive an additional fixed amount of EUR fifty thousand (€50,000); and

(d) The directors who for their part sit on the Audit and Control Committee or/and on the Nomination and Remuneration Committee (including the Chairmen of both Committees) shall also receive an additional fixed amount of EUR fifty thousand (€50,000).

The Board in plenary session has reserved the right to approve the following decisions:

- At the proposal of the chief executive of the company, the appointment and if applicable, the dismissal of senior managers, as well as their compensation clauses.
- The remuneration of directors and, in case of officers, their additional remuneration on account of their executive duties and other terms which must be observed under their employment agreements.

B.1.15. Approval by the Board of Directors of a detailed compensation policy. Matters covered thereby

The Board of Directors approves the compensation policy and addresses the following issues:

– Amount of fixed components, with a breakdown, if applicable, of fees payable for attendance at meetings of the Board and its Committees and estimated annual fixed compensation arising therefrom.

– Variable compensation items.

– Main characteristics of the social security systems, with an estimate of the amount thereof or equivalent annual cost.

– Terms and conditions that must be included in the agreements with executive directors performing senior management duties, which will include:

  - Term;
  - Deadlines for notice, and
  - Any other provisions regarding employment premiums, as well as indemnity or golden parachute provisions in case of early termination of the employment agreement between the company and the executive director.

B.1.16. Submission of a report on director compensation policy to the vote of the shareholders at a General Meeting of Shareholders for consultative purposes. Relevant portions of the report regarding the compensation policy approved by the Board for the following years and the most significant changes experienced by such policies vis-à-vis the policy applied during the fiscal year. Manner in which the compensation policy was applied during the fiscal year. Role of the Nomination and Remuneration Committee. External provided, name of the external advisors

The annual report on directors' compensation describes the directors' compensation policy and addresses the remuneration of each director, including both fixed and variable remuneration, as well as the remaining terms of the Chairman and Chief Executive Officer, the sole executive director.

Pursuant to the provisions of sections 15.2.(j) and 28 of the Board of Directors´ Regulations, the Nomination and Remuneration Committee prepares and submits to the Board the annual report on Directors' compensation. Said report is subject to the advisory say on pay vote of the Annual General Meeting of Shareholders as a separate item of the Agenda.

B.1.17. Identity of the members of the Board who are, in turn, members of the Board or senior managers of companies that posses significant stakes in the Company and/or entities of the Group

Name or company name of the director	Company name of the significant shareholder	Office
Amancio Ortega Gaona	GARTLER, S.L.	Chairman of the Board
Amancio Ortega Gaona	PARTLER 2006, S.L.	Chairman of the Board
José Arnau Sierra	GARTLER, S.L.	Secretary and Director
José Arnau Sierra	PARTLER 2006, S.L.	Secretary and Director

There are no relevant relationships, other than those covered in the previous paragraph, of the members of the Board of Directors that link them to the significant shareholders and/or in entities of the group.

B.1.18. Regulations of the Board of Directors that have been amended during the fiscal year

The Board of Directors' Regulations were amended last 12 June 2012, for the purposes of: (i) encompassing the regulatory changes introduced by Act 25/2011 of 1 August and Act 2/2011 of 4 March, on Sustainable Economy, including, *inter alia* and apart from those made to adapt the Regulations to the new wording of the Articles of Association, the amendment of section 17 to provide the possibility that the Board of Directors may, under certain circumstances, be called by a third of Directors, and the amendment of paragraphs 3 and 4 of section 28 and paragraph 2 of section 39 of the Board of Directors' Regulations to adapt their content to the new sections 61 *bis* and 61 *ter* of Act 24/1988, of 28 July on the Stock Exchange, which govern the requirement for listed companies to issue on an annual basis two reports: one on corporate governance and the other on directors' compensation; (ii) including recommendations 44 and 54 of the Unified Good Governance Code of Listed Companies; (iii) extending the powers of the Audit and Control Committee and of the Nomination and Remuneration Committee; and (iv) removing any references to the repealed Spanish Corporation Act, and replacing them with the relevant references to the Act on Capital Companies and introducing technical and editorial improvements.

B.1.19. Procedures for the appointment, re-election, assessment and removal of directors. Authorised bodies, procedures to follow and criteria to be used in each of the procedures

The system for the selection, appointment and re-election of members of the Board of Directors of INDITEX constitutes a formal and transparent procedure, expressly regulated in the Articles of Association and the Board of Directors' Regulations.

Directors shall be appointed by the General Meeting, and shall hold their office during the period established to this purpose by the Articles of Association, which at present is of five years.

Directors may be re-elected indefinitely, for periods of equal duration, by the General Meeting, which may likewise resolve on the removal of any of these at any time.

The Board of Directors itself may fill the vacancies that arise on said Board, temporarily, appointing from among the shareholders the persons who will have to fill the vacancies until the first General Meeting thereafter.

The proposals for the election of directors that the Board of Directors submits to be considered by the General Meeting, and the election resolutions that said body passes by virtue of those powers to co-opt that are legally attributed to it, must be preceded by the relevant report from the Nomination and Remuneration Committee, and regarding independent directors, by the relevant proposal of the Nomination and Remuneration Committee.

Where the Board departs from the Nomination and Remuneration Committee's suggestions, it must state the reasons for its actions and place them on the record.

The Board of Directors and the Nomination and Remuneration Committee, within the scope of their competences, shall endeavour for the choice of candidates to fall on persons of well-known ability, competence and experience, and must maximize its care in relation to those persons called to cover the office of independent directors.

The Board of Directors may not propose or appoint to fill a director's position any persons who hold the office of director simultaneously in more than four listed companies other than the Company. Where the vacancy which needs to be filled in is that of an independent director, the Board may not propose or appoint any persons who do not meet the independence criteria established in paragraph 1(c) of section 7 of the Board of Directors' Regulations.

The proposals for re-election of directors that the Board of Directors shall submit to the General Meeting will have to be subject to a formal process of preparation, which shall include, necessarily, a report issued by the Nomination and Remuneration Committee in which the quality of work and the dedication to office of the proposed directors during their previous mandate shall be assessed, and regarding independent directors, the relevant proposal of the Nomination and Remuneration Committee.

In this respect, the Nomination and Remuneration Committee has, amongst others, the following responsibilities:

a) To prepare and check the criteria that must be followed for the composition of the Board of Directors in addition to selecting the candidates;

b) To advise on the proposals for nominations of directors, and regarding independent directors, to make such proposals so that they are approved by the Board of Directors prior to their appointment by the General Meeting of Shareholders or, where appropriate, by the Board of Directors by the co-optation procedure;

c) To advise on the appointment of the internal offices (Chairman, Deputy Chairman or Chairmen, CEO, Secretary and Deputy Secretary) of the Board of Directors;

d) To propose to the Board the members that must form part of each of the Committees;

Requests for information addressed to the Nomination and Remuneration Committee shall be made by the Board of Directors or its Chairman. Likewise, the Committee must consider the suggestions presented by the Chairman, the members of the Board, the officers or the shareholders of the Company.

Additionally, the Board of Directors shall explain to the Annual General Meeting in charge of appointing or ratifying the appointment of directors the nature thereof, and said nature shall be confirmed or, where appropriate, reviewed in the Annual Corporate Governance Report, after verification by the Nomination and Remuneration Committee.

As regards the assessment and removal of directors, the Nomination and Remuneration Committee is expressly entrusted with the following functions:

a) To advise on the proposal, where appropriate, of the early dismissal of an independent director, as provided in section 24 of the Board of Directors' Regulations.

b) To annually advise the Board on the assessment of the performance of the chief executive of the Company.

B.1.20. Cases under which the resignation of directors is mandatory

Section 24 of the Board of Directors' Regulations provides the obligation for directors to resign in such scenarios which could have a negative impact on the running of the Board or the credit and reputation of INDITEX.

Directors must place their office at the disposal of the Board of Directors and, should this latter deem it appropriate, tender their resignation in the following cases:

a) When they reach a certain age, under the terms detailed in section B.1.25.

b) When they cease to hold the executive positions to which their appointment as director was associated.

c) When they are involved in any of the cases of incompatibility or prohibition foreseen in the Law, the Articles of Association or in the Board of Directors' Regulations. Namely, independent directors shall place their office at the disposal of the Board of Directors and shall tender, where appropriate, their resignation in the event that they fall under any of the cases of incompatibility or prohibitions provided by section 7.1 (c) of those Regulations or in the event that they suddenly come to hold the post of director in more than four listed companies other than the company.

d) When they are seriously admonished by the Audit and Control Committee for having breached their duties as directors.

e) When their remaining on the Board might have an impact on the reputation or name of the Company or otherwise jeopardise the interest of the company or when the reasons for their appointment cease to exist.

Likewise, proprietary directors must resign when the shareholders they represent dispose of their ownership interest in its entirety or reduce it up to a limit which requires the reduction of the number of proprietary directors.

B.1.21. Function of chief executive of the Company. Measures that have been adopted to limit the risks of the accumulation of power in a single person

Mr Pablo Isla Álvarez de Tejera has been the Chief Executive Officer of the Company since 9 June 2005 and the Chairman of the Board of Directors since 19 July 2011.

Mr Amancio Ortega Gaona, the founder and majority shareholder of the Company and Chairman of the Board of Directors until 19 July 2011, remains on such Board and its Executive Committee as proprietary director.

Mr José Arnau Sierra, proprietary director since 12 June 2012 has been Deputy Chairman of the Board of Directors since 17 July 2012. He sits on the Executive Committee, the Audit Committee and the Nomination and Remuneration Committee.

Mr Carlos Espinosa de los Monteros Bernaldo de Quirós is the lead director pursuant to the provisions of sec. 18.1.2) of the Board of Directors' Regulations, which is reproduced in section 2 below.

In addition to such measures, certain powers delegated to the Chairman and C.E.O., are subject to certain restrictions. Namely, those involving the disposal of funds in excess of a given sum, expressly require the joint signature of the Chairman and C.E.O, with another individual who, by virtue of any legal title is also empowered with the power in question; or/and powers which involve the alienation or encumbrance of real property of the company, for which a prior resolution of the Board of Directors or the Executive Committee, shall be required.

Rules established whereby one of the independent directors is authorized to request that a meeting of the Board be called or that other items be included on the agenda, to coordinate and hear the concerns of external directors and to direct the evaluation by the Board of Directors.

Pursuant to the provisions of section 18.2 of the Board of Directors' Regulations, where the Chairman of the Board is also the chief executive of the Company, the lead director shall have the following additional powers: i) to call the meeting of the Board and the addition of new items on the agenda, the Chairman being bound to comply with these requests and ii) to coordinate and to echo the concerns of external directors.

B.1.22. Requirement of enhanced majorities, other than the legal majorities, for any type of decision. Resolutions on the Board of Directors. Minimum quorum of attendance and the type of majorities required to pass the resolutions

Article 28 of the Articles of Association of the Company provides:

"1.- The Board shall meet whenever such meeting is required by the interests of the Company. Meetings shall be convened by the Chairman or acting Chairman, at his behest, or at the request of at least one third of the Directors.

Likewise, directors representing at least one third of the size of the Board of Directors may convene any meeting of the Board, stating the agenda in the notice, to be held in the place where the registered office of the company is situate, where after request submitted to the Chairman, he should have failed to call the meeting, without reasonable grounds, within one month.

2.- Board meetings shall be validly held when attended either in person or by proxy by half plus one of the members in office.

Without prejudice to the foregoing, the Board shall be understood to be validly constituted without the need for notice if all its members are present in person or by proxy and they unanimously agree to the holding of a meeting.

The Board may also pass resolutions in writing without needing to hold a meeting, in accordance with the provisions of the applicable laws and regulations Likewise, the meetings of the Board shall be held via telephone multi conference, videoconference or via any other similar system that allows one or several directors to attend the meeting through such system. To this end, the notice of the meeting of the Board of Directors shall state the location where the meeting is physically to be held, to which the Secretary of the Board must go. It shall also state that it is possible to attend said meeting via telephone conference call, videoconference or via an equivalent system, and it must indicate and have available the appropriate technical devices required for this purpose, in order to permit direct and simultaneous communication among the members attending the meeting. The Secretary of the Board of Directors shall include in the minutes of the meetings of the Board of Directors held by such means, in addition to the directors physically attending or, where appropriate, represented by another director, those directors attending the meeting via telephone multi conference system, videoconference or via a similar system.

3.- Any director can appoint in writing another director as proxy, each meeting requiring a special proxy, notifying the Chairman of the same in writing.

4.- For resolutions to be passed, an absolute majority of votes in favour by the directors attending the meeting shall be required. In the case of an equality of votes, the Chairman shall have a casting vote. The foregoing is understood without prejudice to the provisions of Article 30.2 of these Articles of Association.

5.- The Board's debates and resolutions shall be entered in a Minutes Book, each one of which shall be signed by the Chairman and the Secretary or by those who acted for them at the meeting to which the minutes refer. Copies and certificates of the Minutes shall be authorized and issued by the Secretary of the Board with the approval of the Chairman or by those who substituted them.

6.- The Board shall have to decide which of its members shall make effective its own resolutions as well as those the General Meeting of Shareholders, when the latter has not expressed who shall execute them. Failing such a decision by the Board, the making effective of resolutions shall be the duty of the Chairman, or the acting Chairman at that time, according to the certification of the Secretary of the Board.

7.- The Secretary and, where appropriate, the Deputy Secretary, even when they are not directors, shall be empowered to convert the company's resolutions into public documents".

The reference in Article 28.4 of the Articles of Association to Article 30.2 (permanent delegation of powers of the Board of Directors) and to section 3.4 of the Board of Directors' Regulations (amendment to the Board of Directors' Regulations) represent the only scenarios of enhanced majority for the passing of resolutions by the Board of Directors.

The aforementioned Article 30.2 of the Articles of Association provides that it shall be necessary that two-thirds of the members of the Board vote in favour in order to permanently delegate any power of the Board of Directors to the Executive Committee or to the CEO, if such post has been appointed, and for the appointment of the directors who have to fill such positions. However, this enhanced majority is required pursuant to the provisions of section 249.3 of the Act on Capital Companies, and therefore it does not constitute a higher quorum than the one required at law.

As for section 3.4 of the Board of Directors' Regulations, it requires the resolution to be passed by a majority of two-thirds of the directors present for the modification of said Regulations, which actually means an enhanced majority not required at law.

For its part, Section 17 of the Board of Directors' Regulations provides:

1.- The Board of Directors shall ordinarily meet quarterly and, at the behest of the Chairman, whenever the same should consider it appropriate for the good running of the Company. The Board of Directors must also meet when a meeting is requested by at least one-third of its members, in which case it shall be called by the Chairman to meet within the fifteen days following the request.

Where further to the request made to the Chairman, he would unreasonably fail, to call the meeting within one month, directors representing at least one-third of the Board members may convene it, stating the agenda in the notice, to be held in the place where the registered office of the company is situate.

2.- Notice of the ordinary sessions shall be carried out by letter, fax, telegram or electronic mail, and shall be authorized with the signature of the Chairman or that of the Secretary or the Vice-Secretary by order of the Chairman. The notice shall be issued at least three days in advance.

The notice of the meeting shall always include the agenda of the meeting and shall be accompanied by the duly summarised and prepared relevant information.

3.- The Chairman of the Board of Directors may call extraordinary meetings of the Board when in his opinion the circumstances so justify it, without the period of advance notice and the other requirements indicated in the previous section applying in such cases. Furthermore, the Board shall be considered validly constituted without the need for notice if, all its members being present or represented, these unanimously agree to the meeting taking place.

4.- The Board may equally pass resolutions in writing without the need for a meeting, in accordance with the provisions of the Spanish Corporation Act.

Furthermore, the Board may hold a meeting via videoconference or conference call; these means shall allow one or more directors to attend the meeting. For this purpose, the notice for the meeting of the Board, shall state not only the place of calling, where the General Secretary shall be present, but also the possibility that the meeting may be attended via conference call, videoconference or equivalent system and the precise technical devices provided for this end, which shall allow the instant and direct communication between the members in attendance. The Secretary of the Board shall register in the minutes of the meetings held by these means, not only the members of the Board physically present or represented by other director, but also the members

attending the meeting via multi-conference call, videoconference or similar system.

5.- The Board shall draw up an annual calendar of its ordinary meetings".

B.1.23. Specific requirements that are different from those relating to the directors in order to be appointed Chairman

There are no specific requirements, different from those relating to the directors, in order to be appointed Chairman.

B.1.24. Casting vote of the Chairman

The Chairman of the Board of Directors has a casting vote in the event of equality of votes between the directors attending the meeting. This is understood without prejudice to the provisions of article 30.2 of the Articles of Association and of section 3.4 of the Board of Directors' Regulations, referred to in section B.1.22 above.

B.1.25. Age limits for the directors

Section 24.2 of the Board of Directors' Regulations provides that the directors must place their office at the disposal of the Board of Directors and, should the Board deem it appropriate, tender the relevant resignation:

"a) When they reach the age of 68. However, the directors who hold the office of Chief Executive Officer or Managing Director shall place their office at the disposal of the Board of Directors upon reaching the age of 65, being able to continue as ordinary members of the Board of Directors until the aforementioned age of 68. As an exception, the foregoing rules shall not apply in the case of the founding Chairman of the company, Amancio Ortega Gaona".

B.1.26. Limited term of office for the independent directors

Neither the Articles of Association nor the Board of Director's Regulations establish a limited term of office for the independent directors.

B.1.27. Procedures established by the nomination and remuneration committee which ensure that recruitment processes are free from any implied bias hindering the selection of female directors and which allow for the free search for women

Pursuant to the provisions of section 15.2 (l) of the Board of Directors' Regulations, the Committee shall ensure when filling up any new vacancies and when appointing new Directors that the recruitment process does conform to the prohibition of any manner of discrimination.

B.1.28. Formal procedures for the granting of proxies in the Board of Directors

Article 28.3 of the Articles of Association establishes that any director can grant proxy to another director in writing for his representation, such proxy being of a special nature for each meeting, communicating this in writing to the Chairman.

In line with this provision, section 19.1 of the Board of Directors' Regulations states that the Board meeting will be validly held when it is attended by at least half plus one of its members (or the whole number of directors immediately above half, should the Board be comprised of an odd number), whether in person or by proxy, stating further that the directors shall do their best to attend the Board meetings and, when they cannot do so in person, they shall endeavour to grant a proxy to another member of the Board giving instructions as to its use and communicating the same to the Chairman of the Board of Directors.

B.1.29. Number of meetings that the Board of Directors has held during the fiscal year. Times that the Board has met without its Chairman being present

Number of Board meetings	5
Number of Board meetings without the presence of the Chairman	0

Number of meetings held over the fiscal year by the different committees of the Board

Number of meetings of the Executive Committee	0
Number of meetings of the Audit Committee	6
Number of meetings of the Nomination and Remuneration Committee	5

B.1.30. Number of meetings held by the Board of Directors during the fiscal year at which not all of its members have been in attendance

Number of non attendance of directors during the fiscal year	2
% of non attendance over the total votes during the fiscal year	4.44

B.1.31. Previous certification of individual and consolidated annual accounts presented for approval. Person or persons who has/ have certified the individual and consolidated annual accounts of the Company, for their preparation by the Board

The individual and consolidated annual accounts that are presented in order to be prepared by the Board are

previously certified by the Chairman of the Board and C.E.O. and by the Chief Financial Officer.

B.1.32. Mechanisms established by the Board of Directors to prevent the individual and consolidated accounts being presented to the General Meeting with qualifications in the auditors' report

The Audit and Control Committee, mostly made up of independent, non-executive directors, has meetings, without the presence of the management of the company, with the auditors of the individual and consolidated annual accounts in order to review the company's annual accounts and certain periodic financial information that the Board must provide to the markets and their supervisory boards, overseeing compliance with the legal requirements and correct application of generally accepted accounting principles in the drawing up thereof. In such meetings, any disagreement or difference of opinion existing between the management of the company and the external auditors is put forward, so that the Board of Directors can take the necessary steps so that the audit reports are issued without qualifications.

Furthermore, previously to the drafting of the annual or quarterly accounting statements, the management of the company also holds a meeting with the Audit and Control Committee and is subjected by the latter to suitable questions as to the application of accounting principles, estimations made in the preparations of the financial statements, etc., matters which are subject to discussion with the external auditors.

In this respect, section 43.4 of the Board of Directors' Regulations provides that:

"The Board of Directors shall endeavour to definitively prepare the accounts in such a manner that they do not give rise to qualifications on the part of the auditor. Nonetheless, when the Board considers that it must maintain its opinion, it shall publicly explain the content and scope of the discrepancy".

B.1.33. Secretary of the Board of Directors

Mr. Antonio Abril Albadín, the General Counsel and Legal Advisor of the Board of Directors, does not sit on the Board.

B.1.34. Procedures for appointment and removal of the secretary of the Board

Pursuant to the provisions of section 10 of the Board of Directors´ Regulations, the appointment and removal of the Secretary of the Board shall be approved by the Board in plenary session, prior report of the Nomination and Remuneration Committee; the Secretary needs not be a director.

- The Nomination and Remuneration Committee reports on the appointment.
- The Nomination and Remuneration Committee reports on the dismissal.
- The Board in plenary session approves the nomination.
- The Board in plenary session approves the dismissal.

The secretary of the Board is responsible for specially ensuring compliance with good governance recommendations.

B.1.35. Mechanisms established by the company to preserve the independence of the auditor, the financial analysts, investment banks and credit rating agencies

Section 43 of the Board of Directors' Regulations, under the heading "Relations with the auditors" states in paragraphs 1, 2 and 3 as follows:

"1. The relations of the Board with the external auditors of the company shall be channelled through the Audit and Control Committee.

2. The Audit and Control Committee shall abstain from proposing to the Board of Directors, and the latter shall abstain from putting forward to the General Meeting of Shareholders, the appointment as auditor of the company of any auditing firm which would be incompatible in accordance with auditing legislation as well as those audit firms where the fees that the company expects to pay them for all services in all areas are greater than five percent of the audit firm's total revenues during the last fiscal year.

3. The Board of Directors shall publicly disclose the whole of the fees that have been paid by the company to the audit firm for services other than auditing".

The mechanisms established to preserve the independence of the external auditor are the following:

- It is incumbent on the Audit and Control Committee, mostly made up of independent directors as defined in section 7.1 c) of the Board of Directors' Regulations, to propose to the Board of Directors, in order to be studied by the General Meeting of Shareholders, the appointment of the auditors. Furthermore, to propose to the Board of Directors the terms of their contracts, the scope of their professional mandate and, where appropriate, the rescission or non—renewal of their appointment;
- Among the functions of the aforementioned Committee is that of liaising with the external auditors in order to receive information on those matters that could jeopardise their independence and on any other matter related to the carrying out of the accounts auditing process, as well as on those other communications envisaged by auditing legislation and auditing standards.

- The Committee shall issue a report every year, prior to the issue of the auditors´ report, expressing an opinion on the independence of external auditors, and addressing in all events the rendering by the external auditor of any manner of additional services other than those covered in the audit agreement.
- Likewise, the Audit and Control Committee monitors the conditions and the enforcement of the contracts entered into with the external auditors of the Company to carry out assignments or tasks other than those covered in the audit agreement.
- The external auditors consult periodically with said Committee, as mentioned in section B.1.32 above, in order to review the annual accounts of the company that the Board of Directors must provide to the markets and its supervisory boards.
- The Company reports in its consolidated annual report on the fees paid to its external auditors for each item other than the auditing of the financial statements.

As regards the mechanisms established to guarantee the independence of the financial analysts, the Company releases information to the market following the principles included in the Internal Regulations of Conduct regarding Transactions in Securities, especially relating to the obligation that the information must be accurate, clear, quantified and complete, avoiding subjective assessments that lead or could lead to confusion or deceit.

The company has not contracted services from Investment Banks or Credit Rating Agencies during fiscal year 2012.

B.1.36. Change of external auditor of the Company during the fiscal year

There has been a change of the external auditor. The outgoing external auditor is KPMG Auditors, S.L., while the new external auditor is Deloitte, S.L.

B.1.37. Works carried out for the Company and/ or its Group by the auditing firm other than that of auditing. Amount of the fees received for said work and percentage that it represents of the fees charged to the Company and/or its Group

The auditing firm does carry out other work for the company and its group other than that of auditing.

	Company	Group	Total
Amount of work other than auditing (EUR thousands)	25	662	687
Amount of work other than that of auditing / total amount charged by the auditing firm (in %)	8.5	15.1	14.6

B.1.38. Observations or qualifications on the Audit Report on the Annual Accounts for the prior fiscal year. Reasons given by the Chairman of the Audit and Control Committee to explain the content and scope of such observations or qualifications

No observations or qualifications were included into the audit report on the Annual Accounts for the prior fiscal year.

B.1.39. Number of years that the current audit firm has been auditing the annual accounts of the Company and/ or its Group. Percentage that represents the number of years audited by the current audit firm over the number of years in which the annual accounts have been audited

	Company	Group
Number of consecutive years	1	1
No of years audited by the current audit firm / no. of years that the company has been audited (in %)	3.6	4.3

B.1.40. Stakes held by members of the Board of Directors of the company in the capital of entities that have the same or a similar or complementary type of business as that which makes up the corporate object, both of the Company and of its Group, and that have been communicated to the Company

Mr Nils Smedegaard Andersen, non-executive independent director, has reported that he holds a 0.010% stake in the company A.P. Moller-Maersk A/S. Mr Andersen is the Chairman of Dansk Supermarked and CEO of A.P. Moller-Maersk A/. Both companies are engaged in business which is complementary to the objects of the Company. On the other hand, non-executive independent director Ms Irene R. Miller has reported to the Company that she holds a 0.041% stake in the share capital of Coach Inc., whose business is similar or complementary to that of the Company, and in which Board she serves as lead director.

B.1.41. Procedures whereby for directors to get external advice

The possibility that the directors can request external advice is expressly covered in the Board of Directors' Regulations, which in section 27 provides the following:

"1. In order to be aided in the performance of their duties, the non-executive directors may request that legal, accounting, financial or other experts be engaged at the company's expense.

The commissioned task must of necessity deal with particular problems of a certain importance and complexity which may arise in the performance of the office.

2. The decision to engage external experts must be notified to the Company Chairman and can be open to veto by the Board of Directors if it proves that:

a) it is not necessary for the proper performance of the duties entrusted to the non-executive directors; or

b) the cost is not reasonable in view of the importance of the problem and of the assets and income of the company; or

c) the technical assistance obtained may be adequately dispensed by in-house experts and technicians,

d) the confidentiality of the information to be provided to the expert may be jeopardised".

B.1.42. Procedure to enable the Directors to have the necessary information to prepare the meetings of the administrative bodies in a timely manner

Section 17.2 of the Board of Directors' Regulations, within chapter V ("Running of the Board"), after establishing that the notice for the ordinary meetings of said body shall be given at least three days in advance of the meeting, states that the notice shall always include the agenda of the meeting and shall be accompanied by the duly summarised and prepared relevant information.

This is complemented:

- On the one hand, by section 26 of the aforementioned Regulations, which recognises the widest powers for directors to obtain information on any issue of the Company (and its subsidiary companies), to examine its books, registers, documents and other records of the company's operations and to inspect all its facilities, likewise establishing that the exercise of the powers of information shall be channelled through the Chairman, the Deputy Chairman or any of the Deputy Chairmen, where appropriate, or the Secretary of the Board of Directors, who will attend to the requests of directors by providing them with the information directly, offering appropriate interlocutors at the appropriate level in the organisation or establishing such measures so as to enable them to conduct the desired examinations and inspections *in situ*.

- On the other hand, through the director's obligation to diligently obtain information on the course of business of the Company and prepare suitably for the Board meetings and for the subcommittees they belong to, as is referred to in section 29 of the Regulations.

B.1.43. Rules requiring Directors to inform the Company —and, if applicable, resign from their position— in cases in which the credit and reputation of the Company may be damaged

Pursuant to the provisions of section 24.3 of the Board of Directors' Regulations, Directors shall inform the Board and, if appropriate, place their office at the disposal of the Board and formalize the relevant resignation, if said body deems it convenient, when circumstances that may harm the name and reputation of the company concur in them or, in any other way, jeopardize the company's interests, as well as when the reasons for their appointment disappear.

B.1.44. Members of the Board of Directors who have informed the Company that they have been prosecuted or that an order for the commencement of an oral trial has been issued against them for the commission of any of the crimes covered in Section 124 of the Spanish Corporation Act

No one of the members of the Board of Directors has informed the Company taht he/she has been prosecuted or that and order for the commencement of an oral trial has been issued against him/her for the commission of any of the crimes covered in Article 124 of the Spanish Corporation Act.

B.2 Committees of the Board of Directors

B.2.1. All the committees of the Board of Directors and their members

Executive committee

In accordance with the provisions of article 30 of the Articles of Association, an Executive Committee was set up by the Board of Directors on 28 February 1997, which holds in delegation all the powers of the Board, except those that cannot be delegated by law or by its Articles of Association and those that are necessary for the responsible exercise of the general supervisory function that is incumbent on the Board.

Composition of the Executive Committee as at 31 January 2013:

Name	Office
Pablo Isla Álvarez de Tejera	Chairman
José Arnau Sierra	Deputy Chairman
Amancio Ortega Gaona	Ordinary Member
Nils Smedegaard Andersen	Ordinary Member
Carlos Espinosa de los Monteros Bernaldo de Quirós	Ordinary Member
Emilio Saracho Rodríguez de Torres	Ordinary Member
Juan Manuel Urgoiti López de Ocaña	Ordinary Member

Antonio Abril Abadín, General Counsel and Secretary of the Board, acts as the Secretary-non-member of the Executive Committee.

Audit committee

Sections 31 of the Articles of Association and 14 of the Board of Directors' 'Regulations set out the regulations governing the Audit and Control Committee.

Composition of the Audit and Control Committee as at 31 January 2013:

Name	Office
Juan Manuel Urgoiti López de Ocaña	Chairman
Irene Ruth Miller	Ordinary Member
José Arnau Sierra	Ordinary Member
Nils Smedegaard Andersen	Ordinary Member
Carlos Espinosa de los Monteros y Bernaldo de Quirós	Ordinary Member
Emilio Saracho Rodríguez de Torres	Ordinary Member

Antonio Abril Abadín, General Counsel and Secretary of the Board, acts as the Secretary-non-member of the Audit and Control Committee.

Nomination and remuneration committee

Sections 32 of the Articles of Association and 15 of the Board of Directors' Regulations set out the regulations governing the Nomination and Remuneration Committee.

Composition of the Nomination and Remuneration Committee as at 31 January 2013:

Name	Office
Carlos Espinosa de los Monteros Bernaldo de Quirós	Chairman
Irene Ruth Miller	Ordinary Member
Nils Smedegaard Andersen	Ordinary Member
José Arnau Sierra	Ordinary Member
Emilio Saracho Rodríguez de Torres	Ordinary Member
Juan Manuel Urgoiti López de Ocaña	Ordinary Member

Antonio Abril Abadín, General Counsel and Secretary of the Board, acts as the Secretary-non-member of the Nomination and Remuneration Committee.

B.2.2. Duties of the Audit and Control Committee

- Supervise the process of preparation and the integrity of the financial information relating to the Company and, if applicable, to the Group, monitoring compliance with legal requirements, the proper delimitation of the scope of consolidation, and the correct application of accounting principles.
- Periodically review the internal control and risk management systems, in order for the main risks to be properly identified, managed and made known.
- Ensure the independence and effectiveness of the internal audit function; make proposals regarding the selection, appointment, re-election and withdrawal of the head of the internal audit department; propose the budget for such area; receive periodic information regarding its activities; and verify that senior management takes into account the findings and recommendations contained in its reports.
- Establish and supervise a mechanism whereby the employees may give notice, on a confidential basis and, if deemed appropriate, anonymously, of any potentially significant irregularities, especially of a financial and accounting nature, that they notice at the Company.
- Submit to the Board proposals for the selection, appointment, re-election and replacement of the external auditor, as well as the contractual terms under which it should be hired.
- Regularly receive from the external auditor information regarding the audit plan and the results of the implementation thereof, and verify that senior management takes its recommendations into account.
- Ensure the independence of the external auditor.
- In the case of groups of companies, favor the auditor of the Group as the auditor responsible for audit work at the companies that form part thereof.

B.2.3. Organisational and working rules and responsibilities attributed to each of the Committees of the Board

The Executive Committee

The regulation of the Executive Committee is found in the Board of Directors' Regulations, section 13 whereof provides that this shall be made up of a number of directors being no less than three nor greater than seven.

The passing of the resolutions of appointment of the members of the Executive Committee will require at least two-thirds of the members of the Board to have voted in favour thereof.

The Chairman of the Board of Directors acts as Chairman of the Executive Committee and the Secretary of the Board, who may also be assisted by the Deputy Secretary, performs the duties of secretary. The office of Deputy Chairman of the Executive Committee is held by the Deputy Chairman of the Board of Directors.

The permanent delegation of powers by the Board of Directors to the Executive Committee shall require two-thirds of the members of the Board to vote in favour and may include, at the Board's discretion, all or a part of the powers of the Board itself. In any case, those powers that legally or according to the Articles of Association cannot be delegated may not be delegated to the Executive Committee and nor may those that are

necessary for the responsible exercise of the general supervisory function that is incumbent on the Board.

The Executive Committee reports to the Board of Directors on the matters discussed and the decisions taken in its meetings.

Audit and Control Committee

The Audit and Control Committee shall be made up of a minimum of three and a maximum of seven directors appointed by the Board itself, the majority of whom must be independent directors as defined in section 7.1 c) of the Board of Directors' Regulations. For this purpose, those professionals of repute who are linked to the management team or to the significant shareholders and who meet the requirements to ensure their impartiality and objectivity of judgment shall be deemed to be independent.

The Chairman of the Audit and Control Committee shall be elected for a term that does not exceed four years and must be replaced at the expiry of the aforementioned term. He may be re-elected once a period of one year has elapsed since the date of his ceasing in the post.

The Committee shall meet in ordinary meeting on a quarterly basis in order to review the periodic financial information that has to be given to the Stock Market authorities, as well as the information that the Board of Directors has to approve and include in its annual public documentation. Furthermore, it shall meet each time its Chairman calls it to meet, who must do so whenever the Board or the Chairman thereof requests the issue of a report or the adoption of proposals and, in any case, whenever appropriate for the successful performance of its functions.

The members of the management team or of the personnel of the Company and its group shall be bound to attend the meetings of the Committee and to collaborate with it and make available the information at their disposal when the Committee so requests. Likewise, the Committee may require the attendance of the auditors to its meetings.

For the best performance of its functions, the Audit and Control Committee may obtain the advice of external experts.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee shall be made up of a number of directors that is not less than three or greater than seven the majority of whom must be independent directors as defined in section 7.1. c) of the Board of Directors' Regulations. A Chairman will be appointed from among its members.

Requests for information addressed to the Nomination and Remuneration Committee shall be made by the Board of Directors or its Chairman. Likewise, the Committee must consider the suggestions presented to it by the Chairman, the members of the Board, management or the shareholders of the Company.

The Nomination and Remuneration Committee shall meet each time that it is called to meet by its Chairman, who must do so each time the Board or its Chairman requests the issue of a report or the adoption of proposals within the scope of its competences and, in any case, whenever is suitable for the successful performance of its functions. In any event, it shall meet once a year to prepare the information about the directors' remuneration that the Board has to approve and include in its annual public documentation.

B.2.4. Advisory and consultative powers of each one of the committees and the powers delegated to them

The Executive Committee

The Executive Committee, created from within the Board of Directors of the Company, holds in delegation all the powers of the Board, apart from those that by law or by the Articles of Association cannot be delegated, and those others that are necessary for the responsible exercise of the general supervisory function that is incumbent on the Board.

The Executive Committee reports to the Board on the matters discussed and the decisions taken in its meetings, in such manner that the Board has complete knowledge of the decisions of the Executive Committee.

Audit and Control Committee

The Audit and Control Committee is an advisory committee, with informational, advisory and proposal powers in the matters determined by the Board itself.

Without prejudice to other tasks that the Board assigns to it, the Audit and Control Committee will have the following basic responsibilities, which are (section 14 of the Board of Directors' Regulations):

a) To report to the General Meeting of Shareholders on those questions put forward by shareholders regarding matters within the scope of its competence.

b) To propose to the Board of Directors, in order to be submitted to the General Meeting of Shareholders, the appointment of the auditors of the accounts. Furthermore, to propose to the Board of Directors their contractual conditions, the scope of their professional mandate and, where appropriate, the rescission or non—renewal of their appointment.

c) To liaise with the external auditors in order to receive information on those matters that could put at risk their independence, which shall be subject to review by the Committee, and on any other matter

related to carrying out of the audit process, as well as on those other communications envisaged by audit legislation and auditing standards; specifically, to receive from the auditors every year written confirmation of their independence vis-à-vis the Company, as well as the information about any manner of additional services, other than those covered under the audit agreement, rendered by said auditors to the Company.

d) To supervise the fulfilment of the auditing contract, endeavouring for the opinion about the annual accounts and the main contents of the auditor's report to be drawn up in a clear and precise manner and to evaluate the results of each audit process.

e) To supervise the terms and the observance of the contracts entered into with the external auditors of the Company for the performance of assignments or tasks other than those included in the audit contract.

f) To issue on a yearly basis and prior to the issue of the audit report, a report featuring an opinion on the independence of the external auditors of the Company, which shall address at all events the rendering of any manner of additional services other than those covered under the audit agreement referred to under paragraph (c) above.

g) To supervise the Internal Audit Department of the Company and its Group, approving the budget of the Department, the Plan of Internal Audit, and the Annual Activities Report, and supervising the material and human resources, whether internal or external, of the Internal Audit Department for the performance of their work. To report on the appointment of the Internal Audit Department Director prior to the corresponding report from the Nomination and Remuneration Committee.

h) To supervise the process of preparation and release of the regulated financial information and the effectiveness of the internal control systems of the Company, and (in particular that regarding the internal control on the financial information) and, by checking the suitability and integrity of the same and by discussing with the external auditors of the Company the significant weaknesses of the internal control system revealed in the course of the audit.

i) To periodically review the risk control and management policy and the management systems, which may contain, at least, the different types of risks, the fixing of the risk level which is considered acceptable, the measures foreseen to mitigate the impact of the identified risks, and the systems of information and internal control.

j) To review the Company´s annual accounts and the periodic financial information that the Board must provide to the markets and the supervisory bodies, overseeing compliance with the legal requirements and with the correct application of generally accepted accounting principles.

k) To inform the Board of Directors about any significant change in the accounting criteria and about risks arising from the balance sheet.

l) To examine compliance with the Internal Regulations of Conduct Regarding Transactions in Securities, with the Board of Directors' Regulations, and in general, with the governance regulations of the Company and to make the necessary proposals for their improvement.

m) To receive information and, where appropriate, to issue reports on the disciplinary measures intended to be imposed on the members of the senior management team of the Company.

n) To report during the first three months of the year and whenever the Board of Directors so requests on compliance with the Code of Conduct and with any additional documents which make up the prevailing policy on internal regulations compliance, from time to time in force, and to make proposals to the Board of Directors for the taking of steps and adoption of policies aimed at improving compliance with such policy on regulatory compliance.

o) To draw up and put forward to the Board of Directors an annual report on corporate governance for its approval.

p) To draw up an annual report on the activities carried out by the Audit and Control Committee itself.

q) To supervise the functioning of the Company´s web page regarding the provision of information on corporate governance as referred to under Section 40.

r) To report to the Board of Directors about the creation or, as the case may be, acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a comparable nature.

s) To receive from the head of tax issues of the Company, in order to relay it to the Board of Directors, prior to the statement of the annual accounts and the filing of the Corporate Tax return, information about tax criteria enforced by the Company during the fiscal year and the degree of compliance with the Code on Best Tax Practices.

t) To report to the Board of Directors, based upon the information received from the head of tax issues of the Company, on tax policies enforced, and in respect

of issues which shall be submitted to the Board of Directors for approval, on their tax consequences, where they are deemed to be a relevant factor.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is an advisory committee, with informational, advisory and proposal powers in the matters determined by the Board itself.

Without prejudice to other tasks that are assigned to it by the Board, the Committee shall have the following basic responsibilities (section 15 of the Board of Directors' Regulations):

a) To prepare and review the criteria that must be followed for the composition of the Board of Directors, and to select the candidates.

b) To advise on proposed nominations, and where appropriate, on the re-election of directors and, in case of independent directors, to submit said proposals to the Board of Directors for approval, prior to the nomination by the General Meeting of Shareholders or, where appropriate, by the Board of Directors for the co-optation procedure.

c) To advise on the nomination of internal positions (Chairman, Deputy Chairman or Chairmen, CEO, Secretary and Deputy Secretary) of the Board of Directors.

d) To propose to the Board the members that should form part of each of the Committees.

e) To advise on the appointment and dismissal of senior managers as proposed by the chief executive to the Board of Directors.

f) To annually advice the Board on the evaluation of the performance of the chief executive of the Company, and also of the Nomination and Remuneration Committee itself.

g) To propose the remuneration policy for directors and senior managers to the Board, and to ensure compliance with the remuneration policy set forth by the Company.

h) To report to the Board, before it holds its meeting, on those contracts of the personnel that include severance agreements, for those cases that imply dismissal or changes in control.

i) To prepare and submit to the Board of Directors for approval the annual report on Directors´ compensation.

j) To advise on transactions that imply or may imply conflicts of interest, transactions with related parties or those transactions that imply the use of corporate assets and, in general, to report on the matters included in Chapter IX of the Board of Directors' Regulations.

k) To draw up and keep up-to-date a contingency plan to cover those vacancies in key positions within the company or its group.

l) To ensure that when filling up any new vacancies and when appointing new Directors the recruitment process should conform to the prohibition of any manner of discrimination.

m) To propose to the Board the individual remuneration of executive directors and the remaining terms and conditions of their employment agreements.

B.2.5. Existence of rules for the Board's committees, place where they are available for consultation and any modifications introduced during the year. Voluntary preparation on the activities of each committee

The rules governing the Audit and Control Committee and the Nomination and Remuneration Committee are contained in the Board of Directors' Regulations and in the Articles of Association, and there are no specific individual regulations for each of them.

The full text of the Board of Directors' Regulations is available for consultation on both the corporate web page (www.inditex.com) and on the website of the *CNMV*.

In compliance with the provisions of Sec. 14.2.(p) of the Board of Directors' Regulations, the Audit and Control Committee prepared a report on the activities it carried out during fiscal year 2012; likewise, the Nomination and Remuneration Committee drew up an annual report on the activities it performed during fiscal year 2012.

B.2.6. Composition of the executive committee as regards the category of its members

The Executive Committee is made up of one executive director, two proprietary director and four independent directors. All categories of directors sitting on the Board of Directors also sit on the Executive Committee.

C. Related-party transactions

Below is a list of the transactions with related parties during FY2012 pursuant to the definitions, criteria and groupings provided in Order EHA/3050/2004 of 15 September, to which refer the Instructions to complete this Annual Report included in Annex I of the Circular 1/2004, of 1 April, in the wording provided by Circular 4/2007 of 27 December, of *CNMV*, whereby the form of the annual corporate governance report of listed companies is amended.

C.1. Relevant transactions carried out by the Company with directors, significant shareholders or shareholders represented on the Board or with persons related thereto

The Board in plenary sessions has reserved for itself the power to approve, after a favourable report of the Audit and Control Committee or any other committee entrusted with such duty, transactions carried out by the Company with directors, with significant shareholders or shareholders represented on the Board or with persons related thereto.

C.2. Relevant transactions carried out which entail a transfer of resources or obligations between the Company, or entities of its Group, and the significant shareholders of the Company

During FY2012, the INDITEX Group has carried out with the majority shareholder Gartler, S.L, or with the individuals and companies related thereto, or with Partler, S.L., and other individuals related thereto, the following transactions:

Nature of transaction	Type of transaction	Amount (€ thousands)
Contractual	Assets lease	(25,344)
Contractual	Assets lease	161
Contractual	Other expenses	(20)
Contractual	Sale of products	177
Contractual	Rendering of services (construction works)	87

C.3. Relevant transactions carried out which entail a transfer of resources or obligations between the Company or entities of its group, and the directors or officers of the Company

With regard to remunerations received by directors and officers of the Company, reference is made to the provisions of sections B.1.11 and B.1.12, respectively.

Likewise, INDITEX approved in FY2010 a Deferred Incentive Payment Plan (hereinafter, "the Plan") addressed to members of the Management team and other key employees of the Inditex Group, a description of which is provided in the Annual Report. For the purposes of transactions with related parties, an estimate of the amount accrued during the fiscal year, in respect of the incentive assigned to directors and officers which would be paid provided that, however the requirements covered in the Plan are met, is broken down below:

	Directors	Officers
ASSIGNED INCENTIVE (in € thousands)	1,333	2,293

No other relevant transaction has taken place between the Company or any company belonging to its corporate Group and the directors or officers of the Company and their related-parties pursuant to Second Rule of Order EHA/3050/2004 of 15 September, to which refer the Instructions to complete this Annual Report included in Annex I of Circular 1/2004 of 1 April, in the wording provided by Circular 4/2007, of 27 December of *CNMV*, whereby the form of the annual corporate governance report of listed companies is amended.

C.4. Relevant transactions carried out with other companies belonging to the same Group, provided that these are not eliminated in the process of preparing the consolidated financial statements and do not form part of the ordinary business of the Company as regards its object and conditions

Entity	Brief description of the transaction	Amount (€ thousands)
Joint ventures	Purchase of goods	(352,258)
Transactions with Group companies	Transactions in securities	(518,240)

C.5. Situations of conflicts of interest that the members of the Board of Directors have been subject to, according to the provisions of Article 127 third part, of the SCA

Subject to the information provided in section B.1.40 above, the company has no evidence that any of its directors is in a situation of conflict of interests, whether directly or indirectly, with the interests of the company.

C.6. Mechanisms established to detect, determine and resolve any possible conflicts of interest between the Company and/ or its Group and its directors, officers or significant shareholders

Section 32 ("Conflicts of Interest") of the Board of Directors' Regulations reads as follows:

"1.- It shall be understood that a conflict of interest exist where there is a direct or indirect conflict between the interest of the Company and the personal interest of the Director. It is considered that directors have a personal interest when the matter affects them or a Person Related to them.

For the purposes of these Regulations, Related Persons are understood as being the following:

a) The spouse of the director or any other person with similar relation of affectivity.

b) The ascendants, descendants and siblings of the director or of the spouse (or any other person with similar relation of affectivity) of the director.

c) The spouse (or any other person with similar relation of affectivity) of the ascendants, descendants and siblings of the director.

d) Those companies where they hold the office of director or senior manager or in which they hold a significant participation, understanding as such, for the case of companies listed on any official Spanish or foreign secondary market, those referred to in section 53 of the Spanish 24/1998 Act, passed on 28 July – "The Stock Exchange Act", and its regulations, and for the case of unlisted national or foreign companies, any direct or indirect participation over twenty (20) percent of its issued share capital.

With regard to directors who are legal entities, Related Persons are understood as being the following:

a) Those partners who are included with regard to the Director legal entity, in any the situations provided in section 4 of the 24/1988 Act, of 28 July, governing the Stock Exchange.

b) Those companies that are part of the same corporate group, as defined in section 4 of the 24/1988 Act, of 28 July, governing the Stock Exchange, and their partners.

c) The representative, who is a natural person, the administrators de iure or de facto, the liquidators and the attorneys-in fact of the director, who is a legal entity.

d) Those persons who are understood, with regard to the director who is a legal entity, as being related persons in accordance with the above-referred provisions regarding directors who are natural persons.

2.- The following rules shall apply to the situations of conflict of interest:

a) Information: directors must inform the Board of Directors, through the Chairman or the Secretary thereof, of any situation of conflict in which they are.

b) Abstention: directors must abstain from attending and taking part in the discussions and voting of those matters regarding which they are in conflict of interest. With regard to proprietary directors, they shall abstain from taking part in the voting of those matters that might entail a conflict of interest between those shareholders that had proposed their appointment and the Company.

c) Transparency: in the Corporate Governance Report, the Company must inform of any situation of conflict of interest in which a director is, that the Company is aware of by virtue of the information of same by the affected person, or by any other means".

In addition, the following situations which can give rise to conflicts of interest are addressed in the Board's Regulations:

- The rendering of professional services in competing companies (section 31).
- The use of corporate assets (section 33).
- The use of non-public company information for private ends (section 34).
- The taking advantage of business opportunities of the company (section 35).

Furthermore, section 37 of the Board of Directors' Regulations, under the heading "Duties of information of the director", provides that directors must inform the company:

a) of the shares in the same of which he is the direct or indirect holder, as well as of those other shares which are in the possession, directly or indirectly, of his closest relatives, all of which in accordance with the provisions of the Internal Regulations of Conduct Regarding Transactions in Securities;

b) of any stake they might hold in the capital of any companies with the same, similar or complementary business range as the one that makes up the corporate purpose, and of the offices and posts they hold in same. They shall also inform of those business conducted for themselves or for somebody else, with the same, similar or complementary business range as the one that makes up the corporate purpose. Said information shall be included on the Annual Report, and

c) of all the positions they hold and of the activities that they carry out in other companies or entities, and, in general, about any fact or situation that could be relevant for their acting as a director of the Company.

As it is expressly provided under section 1 of the Board of Directors' Regulations, the rules of conduct established thereon for the directors shall apply, to the extent that they are compatible with their specific nature, to the senior management of the company who are not directors. More particularly and with the due nuances, the following sections shall apply to them: section 30 (duty of confidentiality); 32 (conflicts of interest), in connection with the duty of informing the Company; 33 (use of corporate assets); 34 (non-public information); 35 (business opportunities), and 36 (prohibition to make undue influence of the office).

Likewise, as regards significant shareholders, paragraphs 1 through 4 of section 38 of the above referred Regulations provides as follows, under the heading "Transactions with directors and significant shareholders":

"1. The Board of Directors reserves the right to have knowledge of any transaction between the Company and a director or a significant shareholder.

2. In no event will it approve such a transaction if previously a report has not been issued by the Nomination and Remuneration Committee evaluating the transaction from the standpoint of market conditions. In the event of transactions with significant shareholders, the Committee shall examine it also from the standpoint of an equal treatment for all shareholders.

3. In the case of transactions within the ordinary course of company business and being of a habitual or recurrent nature, a general authorization of the line of transactions and their conditions of execution will be sufficient.

4. The Company shall inform of the transactions conducted with directors, significant shareholders and Related Persons in the half-yearly public periodic information and in the annual corporate governance report, within the scope of the Law. Likewise, the Company shall include on the notes to the annual accounts information on the transactions carried out by the company or any companies within the Inditex Group with directors and with those acting on their behalf, whenever they are alien to the ordinary course of trade of the Company or are not carried out in normal market conditions".

In addition, section 5 of the Internal Regulations of Conduct regarding Transactions in Securities, after stating in the first paragraph that the general principles that must govern the actions of the persons subjected to conflicts of interest are those of independence, abstention and confidentiality lay down the following:

"5.2. Declaration of conflict

The Affected Persons shall undertake in writing to act independently in their activities and to make known to the CCO (Code Compliance Office) using the standard model that is established for this purpose, those conflicts of interest to which they are subject due to their activities outside the INDITEX group, their family relationships, their personal property, or for any other cause with:

a) Suppliers, external workshops not being part of the company and significant contractors for goods or services, or their Directors and general proxies.

b) Agents and franchisees of the Inditex group, or their Directors and general proxies.

c) People who are engaged in similar or analogous activities to those of the INDITEX group and that compete with the Inditex group in the same markets.

d) External advisors and suppliers of professional services to the INDITEX Group."

Among the powers granted to the Nomination and Remuneration Committee is that of reporting on the transactions that involve or could involve conflicts of interest, transactions with related parties or that involve the use of company assets and, in general, on the matters contemplated in chapter IX of the Board of Directors' Regulations (in which all the foregoing sections of the Board of Directors' Regulations are included). In view of that report, it is incumbent on the Board of Directors to approve, where appropriate, the transaction.

Additionally, section 4.8 of the Code of Conduct and Responsible Practices of the INDITEX Group provides that:

"INDITEX's employees shall avoid any situation which might entail any conflict between their personal interests and those of the company. They shall also refrain from representing the company and from taking part or having a say in any decision making wherein they may have, either directly or indirectly, either themselves or through any related party thereto, any personal interest. They may not avail themselves of their position in the company to obtain any economic or personal benefit, or any business opportunity for them.

No employee of INDITEX may render services as consultant, director, officer, employee or advisor to any of INDITEX's competitors, except for such services which may be rendered at the request of INDITEX or with the authorization of the Committee of Ethics.

INDITEX respects the private life of its employees and therefore the private sphere of their decisions. In the framework of this policy of respect, employees are urged to report to the Committee of Ethics any personal conflicts of interest or any conflicts of interest involving their relatives, that might jeopardize the necessary objectivity or professionalism of their duties within Inditex, so that, in the respect of the confidentiality and privacy of individuals, the relevant measures might be taken for the mutual benefit of the company and of the affected individuals.

Namely, the cases below shall be considered as potential situations of conflict of interest and they shall be reported to the Committee of Ethics:

- *The conduct by any employee or by any person related to him/her, either directly or indirectly, by themselves or through any company or institution, of any business which is the same, similar or supplementary to the business conducted by INDITEX.*
- *The conduct by any employee or by any person related to him/her, either directly or indirectly, by themselves or through any company or institution, of any business which involves an exchange of goods and/or services, regardless of the remuneration system agreed."*

C.7. Companies of the Group listed in Spain

Only one company of the Group is listed in Spain.

D. Systems for control of risks

D.1. Risk policy of the Company and/or of its Group. Risks covered by the system. Justification for the adjusting of those systems to fit the profile of each type of risk

Enterprise Risks management in the INDITEX Group is a process driven by the Board of Directors and the Senior Management, incumbent on each and every single member of the Organization, which aims at providing a reasonable safety in the achievement of the targets established by the Group, ensuring the shareholders, other stakeholders and the market in general, an appropriate level of guarantee which ensures protection of created value.

In this context, Enterprise Risks Management in the Group starts with the identification and assessment of those factors that may affect negatively the achievement of the business goals, and this translates into a risks map that includes the main risks grouped in different categories, together with an assessment thereof in accordance with their potential impact, the likelihood of their occurring and the level of preparation of the Group to face up to them. The risk map is subject to review regularly in order to keep it updated by including the amendments regarding the evolution of the Group and of the environment where it operates Risks management process also covers the taking of a certain answer versus such factors, and the organization of the required controls measures for such answer to be effective.

Below are the main corporate areas that specialize in the risks management process in different fields:

- Enterprise Risks Management
- Code Compliance Office
- Financial Management
- Planning and Management Control
- Corporate Social Responsibility
- Occupational Hazards
- Environment
- IT Safety

Additionally, certain specific Committees have been set up in respect of the follow-up of the major risks:

- Expansion Committee

- Logistics Committee
- Committee of Ethics
- Business Monitoring Committee
- Code Compliance Supervisory Board

Among the policies developed and implemented by the above mentioned areas regarding the management of the different risks, the following should be pointed out:

- Investment Policy
- Payment Management Policy
- Foreign Exchange Risk Management Policy
- Proxies Policy
- Code of Conduct for Manufacturers and Suppliers
- Health and Safety of the Product Policy
- Occupational Hazards Policy
- Environmental Risk Management Policy
- IT Safety Policy

Risks management system is overseen in an independent and objective manner by Internal Audit, which informs the Board of Directors thereof, through the Audit and Control Committee.

Additionally, these risks are considered upon preparing the Business Plan, etc., as part of the ERM system of the Group.

Risks reviewed are classified and grouped in the following categories:

1. Business environment

These are risks stemming from external factors, connected with the Group's business.

This category encompasses the risks regarding the difficulty in adjusting to the environment or market in which the company operates, whether as regards procurement processes or distribution and sale of goods processes. This is inherent in the fashion retail business and consists in the eventual incapacity of the Group to follow and offer a response to the evolutions of its target market or to adjust to the new situations in procurement countries.

With this respect, demographic and social and economic changes in procurement or distribution countries, the new ways of communication that arise, and changes in consumption habits, or the consumption decline in certain markets are, inter alia, factors which may have an impact on the effective achievement of the business goals of the Group.

In order to reduce the exposure to risk in this area, the Group carries out a feasibility research for each new market, business line or store, considering pessimistic scenarios, and subsequently monitors whether the expected figures are met or not. Moreover, the business model of the Group is not only based upon the management of new openings, but also on improvements in the efficiency and effectiveness of the markets, business lines and stores already existing, so that the growth achieved via expansion and diversification, be complemented by the organic growth of the current business.

In line with the foregoing, the expansion policy, the multi-brand format of the Group and the use of new technologies as an option for communicating and selling to our customers, represent a way to diversify this risk, which downplays the global exposure to this risk of the market.

2. Regulatory risk

Those are risks to which the Group is exposed arising from the different laws and regulations in force in the different countries where it is present.

In order to provide a better management of the risks included in this category, they have been classified in accordance with their nature, into two groups: risks regarding the tax, customs, employment, trade and consumption and industrial and intellectual property regulations and risks associated to the remaining laws and regulations.

In order to reduce the exposure to risk in this area and secure the appropriate enforcement of the prevailing local legislation in force, the corporate Legal, Tax, Industrial Property and Human Resources departments, as well as the General Counsel's Office work in coordination with the different supervisors and with the legal external advisors of each country or geographic area. In Section D.4 below, the laws that usually affect the Group in those countries where it operates are identified.

Special mention should be made of criminal regulatory risks. For the purposes of reducing such risks, the Group relies on a Manual on Criminal Risks Prevention.

The Internal Audit department conducts regulatory compliance audits on a regular basis with teams of independent professionals specializing in certain regulations which apply to business.

Additionally, the Corporate Social Responsibility Department regularly carries out social audits together with teams of independent professionals, with a great command of the language as well as of the local labour and environmental legislation, to ensure the appropriate enforcement of both the labour requirements covered by the International Labour Organisation (ILO) Treaties

and the Human Rights covered in the major Treaties that govern this subject.

3. Reputation

Those are the risks which have a direct impact on the way the Group is perceived by its stakeholders (customers, employees, shareholders and suppliers) and by the Society in general.

These risks arise out of a potential improper management of the issues regarding the social responsibility and sustainability, the responsibility on account of the composition of products, as well as of the corporate image of the Group.

The Group has developed a Social Audit Program, based on the external and independent verification of the degree of implementation and compliance with the Code of Conduct for Manufacturers and Suppliers in order to minimize the potential risks of harming the image due to improper behaviours by third parties. Said program specifies the review procedures which secure the gathering of information and evidences on the minimum working conditions that all manufacturers, suppliers and external workshops must comply with. Additional information on this Program is provided in the "CSR with suppliers" section of the Annual Report.

In such sizable and visible organisations as the Group, some conflicts could arise out of an inappropriate relationship with third parties alien to the proceedings of the Group (*CNVM*, communication media, Investors, public authorities, etc.,).

The Group, through its Division of Communication and Institutional Relations, responsible for the centralized management of the communications with third parties, sets out the procedures and protocols required to minimize this risk. Likewise, given their relevance, the General Counsel' s Office and the Capital Markets department are charged with managing specifically the relationship with *CNMV* and the latter is also charged with dealing with the investors.

Moreover, the large experience gained by the Group, given its long international career, allows it to minimize the risk attached to the difficulty in adapting its products and proceedings to the different social and cultural realities, uses and special features of specific markets, by setting up the right policies which allow it to identify and as the case may be, implement the required measures. Additionally, the Group controls and verifies the level of compliance with its health and safety of the products standards ("Safe to Wear" and "Clear to Wear"), as part of its production process.

4. Human Resources

The main risks in the human resources area are those arising out of the difficulty in properly identifying and managing talent, which could lead to an inappropriate positioning, qualifications and flexibility of human resources, an inappropriate labour environment, high turnover or a potential dependence on key personnel.

To minimize said risk, the Human Resources Department carries out continuous recruitment and hiring processes of new personnel. It has also developed a regular training program for its staff and has implemented specific systems:

- to combine quality in the performance of their duties by the employees and the satisfaction they may obtain at their workplace;
- to facilitate the exchange of jobs among those employees wishing to broad their experience in the different areas of the Organisation.

On the other hand, the work system implemented within the Organization favours the transfer of knowledge between the relevant employees in the different areas, thus minimizing the risk linked to depending excessively on the knowledge of key personnel Additionally, the use of career development, training and compensation policies seeks to retain key employees.

To ensure the appropriate labour environment, the Human Resources department is governed by a series of acting rules which are thoroughly reviewed in the Social and Environmental Performance Report.

On the other hand, a growing demand has arisen lately within the labour market, linked to the social responsibility of companies, which has become a key factor upon selecting a company for the job of choice. Therefore, such issues as equal opportunities or labour and work-family balance are *inter alia*, factors that the Company takes into account, with policies designed for such purposes.

With this respect, the INDITEX Group has implemented the Equal Opportunities Plan, with measures that seek to meet different goals, such as, *inter alia*: fostering the commitment and effective implementation of the equal opportunities principle between female and male employees, contributing to reduce inequality and imbalance, preventing labour discrimination, fostering the corporate commitment towards a better life quality, ensuring a healthy work environment and providing actions to promote family and work balance.

5. Operations

The main operational risks the Group has to face up to arise out of a potential difficulty in recognizing and taking in the ongoing changes in fashion trends, manufacturing, supplying and putting on the market new models meeting customers' expectation.

The Group reduces the exposure to this risk through a manufacturing and procurement system that ensures

a reasonable flexibility to answer to the unforeseen changes in the demand by our customers. Stores are permanently in touch with the designer team, through the Product Management Department, and this allows perceiving the changes of taste of the customers. Meanwhile, the vertical integration of the transactions allows cutting the manufacturing and delivery terms as well as to reduce the stock volume, while the reaction capacity that allows to introduce new products throughout the season, is kept.

Given the relevance that an efficient logistics management has on the appearance of such risks, the Group conducts a review of all the factors which may have a negative impact on the target of achieving the maximum efficiency of the logistics management, to actively monitor such factors under the supervision of the Logistics Committee.

The risk arising out of the interruption of the transaction is linked with the likely occurrence of extraordinary events beyond the control of the Group (natural disasters, fires, strikes of haulers or suppliers, discontinuance in the supply of power or fuel, etc.,) that might affect significantly the normal operative.

Given the operative of the Group, the main risks included in this category are to be found at the logistics centres and in external operators charged with transporting the goods. The distribution of apparel, footwear, accessories and home ware for all the formats is based upon 13 logistics centres spread throughout the territory of Spain. Logistics operations are also ensured by other smaller distribution centres located in 7 different countries. The size and use of all logistics centres is optimized on account of the volume of each format or the specific requirements existing in each geographic area serviced. Namely, some of the above referred logistics centre specialize in distribution of goods associated with on-line sales. Location of such centres has been considered so that they may be versatile to undertake storage capacity and distribution of other centres in the event of any contingency resulting from any potential accidents or stoppage of the distribution activities.

Additionally, the Group takes active measures to reduce risk exposure, by keeping high levels of safety and protection in all its distribution centres, together with insurance policies covering both the potential property damage incurred by the facilities and stock, as well as any loss of profit which might arise out of any loss.

In order to ensure the growth of the Group and enhance the flexibility of its business model, the Logistics Expansion Plan assess the need and envisages, where appropriate, investing in new distribution centres or in the extension of the existing ones, so as to minimize the risk linked to the logistics planning and sizing. Additionally, investments are carried out towards the improvement and automation within the existing centres so as to increase their capacity and efficiency.

To minimize the risks attached to the quality of finished product, the Group resorts to different monitoring systems based upon defined standards ("Safe to Wear" and "Clear to Wear") whose implementation is mandatory within the production line, for all finished products, footwear and accessories.

To reduce exposure to the risk arising out of an improper customer satisfaction and service, the Group applies standard store service procedures, training and monitoring programs for store managers and assistants, and communication channels available for customers in order to ensure the quality of the sale and post sale service. Likewise, as a result of the introduction of a new sale channel through the online sale, certain mechanisms to follow-up the degree of satisfaction of customers regarding their online purchase have been set up. With this respect, Marketing and Internet departments of the two formats which currently offer online sale have prioritized the design of their websites, taking into account such premises, while, at the same time, making a large team of professionals available to support the queries, concerns or requests of the customers regarding their online purchase experience.

The Group reduces the risk linked to the real estate management, regarding the search and selection of business premises, through the monitoring of local markets where it operates and through the evaluation and supervision of new openings by the Expansion Committee.

6. Financial

In the regular conduct of its business, the Group is exposed to financial risks. Included in this category are foreign exchange risk, counterparty credit risk, liquidity risk and interest rates risk. Additionally, given the ever growing international dimension of the Group's business, the Company is exposed to the country risk in different markets.

The Euro is the functional currency of the Group. Its international transactions give rise to the use of a large number of other than the Euro, which gives rise to the foreign exchange risk. This risk must be managed in a proactive, sufficient and systematic manner; to achieve this, the Group has implemented the Foreign Exchange Risk Management Policy with the major goal of reducing potential economic losses and volatility in the financial statements resulting from such risk. Exchange exposure materializes in terms of net investment, translation and transaction risks. The above referred policy sets the guidelines to manage all such exposures.

Payment Management Policy addresses the principles leading to ensure compliance with Group's obligations, safeguarding its interests and setting up the required

procedures and processes to ensure an effective and prompt payment management. Such policy determines the best manner, currency and terms to make payments, in economic, accounting and legal terms. Finally, the Payment Policy covers the potential exceptions and the procedure to authorize such exceptional payments. Meanwhile, the Proxies Policy determines the different proxies of Groups authorized to approve financial transactions on behalf of the Group, including payments, the level of authorization according to the Group to which they belong, the authorized amount of the transaction and the required pairing of proxies according to such criteria.

Under the current policy in force, exchange rate management is incumbent on the corporate Financial Management Department. Such policy lays down the review and follow-up procedures regarding exchange exposure and the potential hedging strategies, the procedure for acquiring derivatives and the recording and registration thereof. At present, forward contracts are the main hedging instrument.

The Group has various investments abroad, the net assets of which are exposed to exchange rate risk. As the consolidated financial statements of all the companies in the group are drafted in the functional currency, i.e., Euro, it is faced with the foreign exchange risk on account of translation, in respect of all its entities outside the European Union. The company is also faced with the risk resulting from transactions in currencies other than Euro of flows of collections and payments for acquisition and rendering of goods both in respect of transactions within the Group and outside the Group.

The Group is not exposed to significant concentrations of counterparty credit risk. Most of its revenue results from retail sales, where payment is primarily made in cash or through credit card. Anyway, the Group is faced with the risk that counterparties, mainly financial ones, would fail to comply with the obligations stemming from investment of cash or other financial and securities vehicles, and from derivatives used for financial risks hedging.

The Investment Policy of the Group, which aims at ensuring security, integrity and liquidity of financial assets of the company, provides the guidelines which need to be observed by counterparties and classifies them in panels in accordance with their rating and solvency profile and their relevance for the Group. Likewise, such Policy sets maximum exposure limits in terms of counterparty and provides procedures to ensure control, follow-up and monitoring of credit risk.

The Group has enough liquidity to undertake the funding requirements of its regular functional transactions and to face its future growth expectations. At present, the Group has no external debt and keeps on its balance sheet a sufficient position in very liquid assets (cash and cash equivalents). For the purposes of attending to any potential cash need, the Group relies on a sufficient number of loan agreements, both in Euro and in other currencies.

With regard to the interest rate risk, direct exposure of the Group to such risk is rather scarce, considering the non existence of leverage. However, as the value of financial assets depends upon the evolution of interest rates, the Group is exposed to such risk in terms of its financial investments. The Investment Policy of the Group aims also to minimize such risk by determining the nature, term and credit quality of the underlying integrating the investment vehicles of the company.

Finally, the international nature of the Group's business determines the exposure to country risk in a growing number of markets. The Investment Policy sets guidelines with regard to the role of sovereign risk in terms of counterparty credit risk, and the influence thereof on financial assets and/or investment vehicles.

7. Information for the decision making

The risks hereunder included are those linked to the appropriate information at all levels: transactional and operative, financing-accounting, management, budgeting and control.

These are not significant risks in relative terms, although the various departments of the Group and especially the Planning and Management Control Department and the Administration Department, which report to the Financial Division, are directly responsible for producing and supervising the quality of such information. Moreover, in order to reduce exposure to this kind of risks, the Group regularly reviews the management information disclosed to the relevant officers and invests in IT, follow-up and budgeting systems, among others.

With regard to the risks associated to financial reporting, the Group has set up an Internal Control System on Financial Reporting *(SCIIF, Spanish acronym)* aimed at achieving an ongoing follow-up and assessment of the main risks associated, which permits ensuring reasonably the reliability of the public financial information of the Group. Section 7 of the schedule to this report: "Additional information to the current Model of Annual Corporate Governance Report pursuant to Sec. 61 bis of Act 24/1988 of 28 July, on the Stock Exchange *(LMV, Spanish acronym)* (as amended by the Fifth Final Provision of Act 2/2011 of 4 March, on Sustainable Economy)", provides additional information on this issue.

In addition, the consolidated Annual Accounts and those of each and every relevant company are subject to review by the independent auditors who are also in charge of carrying out certain audit works regarding the financial information. Likewise, as regards the most significant companies of the Group, independent

auditors are requested to issue recommendations on internal control.

8. Technology and information systems

The risks hereunder covered are those linked to the technical infrastructure and the efficient management of information and of the computing and robotic networks. The risks connected with the physical and logical safety of the systems are also included.

To reduce exposure to this type of risks, the IT department permanently monitors the streamlining and coherence of the systems, for the purposes of minimizing the number of software packages, maximising training of all users involved in handling these and guaranteeing the security and stability required for the continuous development of the activities of the Group.

Moreover, there are contingency systems in the event of computer stoppage, with double equipment and data storage in a different location to the main Centre, which would reduce the consequences of a breakdown or stoppage.

9. Corporate Governance

This category includes the risk of not having the appropriate management of the Group which might entail a breach of the Corporate Governance and transparency standards.

Therefore, compliance with the corporate governance system of the Company, which comprises the Articles of Associations, the Board of Directors' Regulations, the Regulations of the General Meeting of Shareholders, the corporate policies implemented for enterprise risk management, and the internal regulations of the Group (the Code of Conduct and Responsible Practices, the Code of Conduct for Manufacturers and Suppliers, and the Internal Regulations of Conduct regarding Transactions in Securities – hereinafter, IRC).

The Code Compliance Supervisory Board and the Code Compliance Officer are charged with overseeing and enforcing the IRC.

With regard to the Code of Conduct and Responsible Practices and the Code of Conduct for Manufacturers and Suppliers, the Committee of Ethics is responsible for the enforcement and construction thereof. Such Committee may act "ex officio" or further to a report.

D.2. Materialization during the fiscal year of the various types of risks affecting the Company and/or its Group

The risks described in section D.1 are inherent in the business model and the activity of the Group; therefore they are always present somehow, throughout each financial year. However, none of them has had any significant impact on the Organization during last fiscal year, as control systems anticipated to meet such risks have been duly operative.

D.3. Committee or other governing bodies responsible for establishing and supervising the mechanisms of control

The main governing bodies responsible for controlling risks are the Board of Directors and the Audit and Control Committee.

1. The Board of Directors

The Board of Directors is responsible for identifying the main risks for the Group and for organising the appropriate internal control and information systems.

2. The Audit and Control Committee

The Audit and Control Committee assists the Board of Directors in its supervision and control duties by reviewing the internal control systems. The duties of the Audit and Control Committee are provided under the Articles of Association and the Board of Directors' Regulations.

The Board of Directors' Regulations provide that it is incumbent on the Audit and Control Committee, exclusively comprised of non-executive directors of the Group, to supervise the process for preparing and presenting the regulated financial information and the effectiveness of the internal control systems of the Group, (namely, of the internal control system on financial information) and to check the appropriate type and integrity of said systems. Additionally, the Audit and Control Committee is charged with overseeing the Internal Audit Department of the Group, approving the budget of the Department and the Internal Audit Plan, the annual report of activities of the Internal Audit department and supervising the material and human resources thereof, whether internal or external, to discharge its duties.

The Internal Audit Department is directly linked to the Board of Directors, to which it reports, through the Audit and Control Committee, thus ensuring the full independence of its acts.

In accordance with the Internal Audit Charter of the Group, the mission of the Internal Audit function is that of contributing to the good running of the Group, by assuring an independent supervision of the internal control system, and by providing recommendations to the Group that help reduce to reasonable levels the potential impact of the risks that hinder the accomplishment of the objectives of the Organization.

Likewise, according to the Charter, the goals of the Internal Audit function are to promote the existence of appropriate internal control and risk management systems, the homogeneous and efficient application of internal control system policies and procedures which make up such internal control system and to serve as communication channel between the Organization and the Audit and Control Committee, in relation to those matters that are responsibility of Internal Audit.

D.4. Processes of compliance with the various regulations that affect the Company and/or its Group

Among the external risks that affect the Group, a specific category described as "Regulatory" has been included, which is described in section D.1 above. Within this category, it has been thought fit to classify the risks in six groups, depending on the kind of regulation to which they refer and on the potential impact they have on the Group. This classification shall be used to detail the legislation that affects the Group in the conduct of its business.

– Consumer and trade legislation: linked with laws and regulations which govern those commercial issues which apply to retail: (business hours, end of season sales, etc.,) and any other regulations regarding consumers and users. Included in this group are such issues as: licence for store opening, business hours; end of season sales period and advertisement terms related thereto; conditions that must be met by the products being sold in stores, especially in relation to the labels and packaging, and generally, all aspects that affect retail sales.

– Tax legislation, relating to the taxes that are charged on the Group's activities and profits.

– Customs legislation, referring to cross-borders movements of merchandise.

– Labour legislation, which regulates the relations with its workers as regards wages, working hours, labour calendar, health and safety, etc.,

– Intellectual and Industrial property legislation, which refers to protection of intellectual and industrial property rights, such as trademarks, industrial designs, copyrights, etc.,

– Other legislations, including common legislations for any listed company and specific legislation relating to the activity performed by the Group:

  - Accounting legislation, relating to the accounting principles and standards.
  - Securities market legislation, which affects all listed companies.
  - General civil and mercantile legislation, relating to company law and civil and commercial contracts.
  - Competition law, which specifically affects the relations with other competitors in the market.
  - Real Estate legislation which fundamentally affects urban regulations, commercial properties and namely, the leases of business premises where the stores of the Group are located.
  - Legislation governing the personal data protection, regarding protection in the processing of such data.
  - Environmental legislation, regarding the proper treatment of waste, spillage, etc.,

E. General meeting of shareholders

The General Meeting of Shareholders duly convened and constituted in accordance with all legal formalities and those of the Articles of Association and its own Regulations, is the supreme and sovereign body of expression of the will of the company. Its resolutions are binding on all its shareholders, including those absent or dissenting shareholders, without prejudice to any remedies they may have at law.

In accordance with the provisions of the Articles of Association and the Regulations of the General Meeting of Shareholders, the General Meeting is authorized to pass all kinds of resolutions concerning the Company and, in particular, and subject to any other powers vested by the applicable regulations, it is granted with the following exclusive powers:

(a) To resolve on the individual annual accounts of the Company and, where appropriate, on the consolidated accounts of the Company and its Group, as well as on the distribution of the income or loss.

(b) To appoint and remove administrators, as well as, confirm or revoke those provisional appointments of said administrators made by the Board, and to review their management.

(c) To appoint and remove the auditors.

(d) To resolve the issuance of bonds, the increase or reduction of capital, the exclusion or restriction of pre-emption rights, transformation, merger, split-off or dissolution of the Company, the global allotment of assets and liabilities, the approval of the final liquidation balance sheet, the transfer of the registered office abroad and, in general, any amendment to the Company's Articles of Association.

(e) To authorize the Board of Directors to increase the Company's capital, or to proceed to the issuance of bonds and other fixed yield securities.

(f) To approve the adoption of remuneration systems consisting of the granting either of shares or stock options, as well as any other remuneration system linked to the value of the shares, for the benefit of directors, and to conduct an advisory say on pay vote on the annual report on Directors´ compensation.

(g) To pass the Regulations of the General Meeting of Shareholders and their subsequent amendments.

(h) To resolve on the matters submitted to it by a resolution of the Board of Directors.

(i) To grant the Board of Directors the powers it may deem fit to deal with unforeseen issues.

(j) To approve those transactions which might entail an effective amendment of the corporate purpose and those whose effect may be equivalent to the liquidation of the Company.

The Board of Directors shall convene the Annual General Meeting necessarily once a year; within the first six months of the closing of each financial year in order to; at least, review the company's management, to approve, where appropriate, the accounts of the previous year and to decide upon the distribution of income or loss.

The Extraordinary General Meeting shall meet when the Board of Directors so resolves or when a number of shareholders which represent at least five percent of the share capital so request, expressing in the request the matters to be discussed. In this latter case, the General Meeting of Shareholders must be convened to meet within the deadline provided in the applicable regulations; the agenda of the meeting will necessarily include the matters that were the subject of the request.

In the resolutions to call the General Meeting, the Board of Directors shall require the presence of a Public Notary to take the minutes of the General Meeting.

Both the Annual and the Extraordinary General Meetings must be convened by the Board of Directors through notice published in the Official Gazette of the Companies Register, on the web site of the Company and on *CNMV*'s web site, at least one month in advance of the day appointed for the meeting or the greatest period that is required by law, where appropriate, due to the resolutions submitted for deliberation. The notice must state the name of the Company, the day, time and place of the meeting, as well as the date on which, if appropriate, the General Meeting shall be held on second call, and there must be at least a 24-hour period between one call and the other. The notice shall likewise state, clearly and precisely, all the matters to be discussed therein.

No later than the date of publication, or in any event the business day that immediately follows, the notice of the meeting shall be sent by the company to the *CNMV*, and to the Governing Organisations of the Securities Markets where the company's shares are listed for its insertion in the relevant Listing Bulletins. The text of the notice shall also be accessible through the company's web page.

Notwithstanding the above, the General Meeting shall be deemed to have been duly called and validly held to discuss any matter, whenever the whole share capital is present and all those attending unanimously agree to hold the meeting.

E.1. Quorum required for the holding of the General Meeting of Shareholders established in the Articles of Association. Differences with the minimum requirements set out in the [Spanish] Corporation Act (SCA)

	Quorum % different from that established as a general rule in sec. 102 of the SCA	Quorum % different from that established in sec. 103 of the SCA for special cases covered therein
Quorum required on 1st call	50% of the subscribed voting stock	
Quorum required on 2nd call		

Both article 21.1 of the Articles of Association and section 15 of the Regulations of the General Meeting provide that the General Meeting will be validly held on first call where shareholders who are present or represented by proxy represent at least fifty percent of the subscribed share capital with the right to vote. On second call, generally, the General Meeting shall be validly held regardless of the capital attending the same. However, if the Meeting is called to decide on an increase or a reduction in the share capital, the issue of debentures, the transformation of the company, the merger for the creation of a new company or via the taking-over of the company by another entity, its spin-off in whole or in part, the global assignment of assets and liabilities, the substitution of the company purpose as well as any other modification whatsoever of the Articles of Association, shall require, on second call, the attendance of twenty-five percent of the subscribed share capital with the right to vote.

Therefore, the only difference between said rules and the provisions of the Act on Capital Companies (and formerly, the Spanish Corporation Act), both in general and for special cases, consists of the quorum necessary for the holding of the General Meeting on first call in accordance with section 193 of the Act on Capital Companies, that the Articles of Association and the Regulations of the General Meeting of the company have made equal to the quorum for valid meetings on first call in accordance with section 194 of the Act on Capital Companies(shareholders who are present or represented by proxy represent at least fifty percent of the subscribed share capital with the right to vote). This enhanced quorum may not be deemed to be a restriction on the control by the Company, since it is only applicable to first calls.

This is expressly permitted by section 193 of the Act on Capital Companies, where, after laying down that the General Meeting of Shareholders shall be validly held on first call when the shareholders present or represented by proxy possess, at least, twenty-five per cent of the subscribed voting share capital, it goes on to provide that the Articles of Association can establish a higher quorum.

E.2. Differences with the rules provided by the Spanish Corporation Act [SCA] for the passing of corporate resolutions

There are no differences with the Spanish Corporation Act for the passing of corporate resolutions.

E.3. Rights of the shareholders in relation to general meetings that are different from those established in the SCA

Within the rights for the shareholders recognised by section 93 of the Act on Capital Companies (former section 48 of the Spanish Corporation Act), the following can be listed in relation to the General Meetings: the right to attend and to vote in the general meetings and to challenge the resolutions of the company, and the right of information.

These rights are developed in section 179 and subsequent and in Part XIV ("Listed Corporations") of the Act on Capital Companies (former sections 104 ("Right to attend the meeting"), 105 ("Limitations on the right to attend and vote"), 106 ("Proxies"), 108 ("Representation by a relative"), 112 ("Right to information") and 115 and following (relating to the challenging of resolutions) of the Spanish Corporations Act.

The rights of the shareholders of INDITEX in relation to the general meetings are scrupulously respected by the company, in the terms established in the legislation in force, in the Articles of Association and the Regulations of the General Meeting of Shareholders.

Right to information of the shareholders

The Investor Relations Department and the Shareholders' Office at INDITEX (Capital Markets Department) are at the disposal of the shareholders to provide all the information on the General Meeting that they may need. Prior to the General Meeting, those shareholders who so request are sent a copy of the Annual Report and of the relevant documentation relating to the items on the agenda.

Moreover, the Company deals, as far as is possible, with the requests for information that are made by the shareholders in relation to the items on the agenda of the General Meeting, both before the General Meeting and during the meeting itself through the question and answer session, which all shareholders attending the meeting can participate in if they wish and whose participation is always answered.

Section E.4 hereof deals with the regulation of the right of information of shareholders covered by the Regulations of the General Meeting. With regard to the information made available to shareholders from notice of the Meeting, these two issues below are established in addition to the provisions of the Act on Capital Companies (formerly the SCA):

a) The full text of all the proposed resolutions that the Board of Directors submits to the AGM for debate and approval regarding the various items of the agenda; and

b) The following information regarding directors whose ratification or appointment is proposed: i) professional profile and biography; ii) other Boards of Directors where they sit, whether in listed companies or otherwise (except for Boards of property holding companies of the director in question or of his/her next of kin); iii) the category to which they belong, and in case of proprietary directors, stating the shareholders they represent or with whom they have links; iv) date of their first appointment and, as the case may be, of any further appointments to sit on the Board of Directors, and v) the shares in the company and stock options they hold.

Attendance of General Meetings. Right to Vote

The right to attend is dealt with in section E.9.

Each share entitles its holder to one vote.

Proxies at the General Meeting

Section E.10 deals with the issue of proxies at the General Meeting.

E.4. Measures taken to promote the participation of the shareholders in the general meetings

In addition to the publication of the notices provided by Law and in the Articles of Association and of the making available to the shareholders in the registered office of the company, free of charge, of the information and the documentation related to the agenda of the meeting, the company publishes the notice of the General Meetings through the corporate web page, including all the relevant documentation to facilitate the attendance and the participation of the shareholders, including the agenda, the directors' reports and the remaining documentation in relation to the General Meeting that is required by Law.

Furthermore, the Regulations of the General Meeting of Shareholders, establishes new instruments directed at favouring the participation of the shareholders, in particular, through developing their rights of information, attendance and proxy.

In this respect, sections 9, 10 and 10 *bis* of the Regulations of the General Meeting provide the following:

"Section 9. Information available as from the notice of the Meeting

1. From the publication of the notice, the Company shall make available to the shareholders the following information.

(a) The notice of the General Meeting.

(b) The aggregate number of shares and voting rights as at the date of the notice.

(c) The documents (such as, among others, the annual accounts, proposals for the distribution of income or loss, management reports, auditors reports, directors reports, proposals for resolutions, full text of the amendments to the Articles of Association, auditors and/or independent experts' reports, merger or split-off plans) that must be necessarily provided according to statute, regarding the different items included on the agenda.

(d) The full text of the motions that the Board of Directors submits to the deliberation and approval of the General Meeting in respect of the different items on the agenda, including the proposed resolutions submitted by the shareholders, as well as all the information regarding directors whose ratification or appointment is proposed, pursuant to the provisions of the Board of Directors´ Regulations. As an exception, the Board of Directors may omit the publication of those proposals not required by statute or by the Articles of Association to be made available to the shareholders from the date of the notice to the General Meeting, whenever concurrent justified reasons advise against their early publication.

(e) Practical information linked to the Meeting and the way in which the shareholders exercise their voting rights, such as, amongst others:

(i) The communication channels existing between the Company and the shareholders, and namely those explanations necessary for shareholders to exercise their right to information, stating the postal addresses and e-mail addresses where they can address their queries.

(ii) The ways and procedures to grant proxy for the General Meeting.

(iii) The ways and procedures to cast votes through remote communication systems, including, the exercise of vote by proxy and through remote means at the General Meetings, unless they are directly sent by the Company to each shareholder. Where such ways and procedures can´t be posted on the web page for technical reasons, the Company shall state on the web page how to get the paper forms, which it shall send to any shareholders requesting so.

(iv) Information on the location of the place where the General Meeting is to be held and the way to access same.

(v) Information, where appropriate, on the systems or procedures that may facilitate the monitoring of the Meeting, such as simultaneous translation devices, broadcasting through audiovisual means, information available in foreign languages, etc.

(f) Any other information deemed appropriate in order to facilitate the attendance and participation of the shareholders at the General Meeting.

Shareholders may get at the registered office, free of charge and immediately, the documents and information referred to in the paragraphs above, and request their free delivery or dispatch, in accordance with the provisions of the Law. Furthermore, such documents and information shall be included on the Company's web page".

"Section 10. Right to information prior to the Meeting

1. From the very day the notice of the General Meeting is published, and until the seventh day, included, prior to the day set for the General Meeting to be held, every shareholder may request in writing to the Board of Directors the information or clarification they may deem necessary or ask the questions they might think fit, regarding the items on the agenda. Moreover, in the same term and manner, every shareholder may request information or clarifications or ask questions in writing concerning the information available to the public that the Company might have already furnished to the CNMV from the date the last General Meeting was held and concerning the auditor´s report. Likewise, shareholders may gather any other information they may need regarding the General Meeting through the Company´s web page or through the Shareholders´ Service Department telephone number to be established for that purpose, which shall be appropriately disseminated.

2. The Board of Directors must provide the required information except (i) where the Chairman should consider that the publicity of the information requested may be detrimental to the Company´s best interests, (nevertheless, this exemption may not be claimed where the request is supported by shareholders representing at least twenty five (25) per cent of the share capital; (ii) where the information or clarification requested does not concern the items on the agenda or the information available to the public that the Company has furnished to the CNMV from the date the last General Meeting was held; (iii) where the information or clarification requested is not deemed to be reasonably necessary in order to reach an opinion over those matters raised to the General Meeting or, if by any means, it is considered abusive; (iv) where prior to the raising of the question, the information requested is clearly and directly available to all shareholders on the web page of the Company under the question-answer format, or (v) where legal provisions or regulations so provide.

3. The shareholders' requests for information shall be answered by the full Board of Directors, any member thereof, the Secretary, even if he/she is not a member of the Board, or by any other person expressly authorized by the Board for this purpose.

4. Under the terms provided in Law the requests for information must be answered in writing and prior to the General Meeting, unless the characteristics of the required information make it unsuitable. Those requests for information that due to the proximity to the date of the General Meeting, cannot be answered prior to said General Meeting or those that are submitted during the same shall be answered during the General Meeting, in accordance with the criteria stated in these Regulations or, where appropriate, in the shortest period of time as of the date on which the General Meeting was held and always, within the maximum term provided by the Law for this purpose.

5. Those answers given to significant questions and made available to the shareholders prior to the date on which the meeting is set to be held, shall be made available to the shareholders attending the meeting at the beginning of the same, and shall also be disseminated though the Company's web page".

"Section 10 bis. Electronic Forum of Shareholders

With regard to the notice of General Meetings of Shareholders, an Electronic Forum of Shareholders shall be made available on the web page of the company, which may be accessed with all due guarantees, both by individual shareholders and voluntary associations which may be established under the legal requirements, for the purposes of promoting communication with shareholders prior to the General Meetings. Any motion intended to be submitted as a supplement to the agenda disclosed on the notice, any requests for adhering to such motions, any motion to reach the required percentage enabling to exercise a minority right provided by law and any offer or request of voluntary representation may be published on such Forum. The Board of Directors may implement the foregoing, by fixing the procedure, the terms and any other conditions for the operation of the Electronic Forum of Shareholders".

The right to information is supplemented by those of attendance and proxy, which are dealt with in sections E.9 and E.10 below.

E.5. Chairman of the General Meeting of Shareholders. Measures adopted to ensure the independence and good working of the General Meeting

Section 16 of the Regulations of the General Meeting of Shareholders, implementing the provisions of article 22 of the Articles of Association, provides that the General Meeting shall be chaired by the Chairman of the Board

of Directors or, failing the Chairman, by the Deputy Chairman who replaces him in accordance with the Articles of Association, and failing the Chairman and Deputy Chairman, by the shareholder appointed by the General Meeting itself.

Once the panel of the General Meeting has prepared the list of the attendees, expressing the nature or proxy of each one and the number of own shares or shares of the proxy-grantors attending the meeting, the Chairman shall declare the Meeting to be validly held; shall submit for its deliberation the business that has to be discussed according to the agenda or the previous agreement of the Universal Meetings; shall direct and order the debates signalling the turns for speaking and granting the floor to those shareholders who have made a written request to speak and then to those who have made a spoken request to speak, and may establish turns for speakers in favour and against the motion and may limit the number of those who may speak in favour or against or the time allowed for each speaker; shall declare the business to have been discussed sufficiently and shall order that the voting thereon proceed, proclaiming the result of the voting after such vote. All of these aspects, as well as others regarding the good working of the General Meeting, are developed in detail in the Regulations of the General Meeting of Shareholders.

Lastly, and as a guarantee of the independence and good working of the General Meeting, mention must be made, on one hand, that the preparation of the list of those attending and the calculation of the quorum for the valid holding of the Meeting is entrusted to a company of repute in its sector of activity and which acts according to qualified professional practices; and, on the other hand, that the Board of Directors, in compliance with the provisions of section 7.2 of the Regulations of the General Meeting of Shareholders, requires the presence of a Notary to take the minutes of the Meeting.

E.6. Modifications introduced during the year in the regulations of the General Meeting

In the course of FY2012, the AGM held on 17 July resolved the partial amendment of the following sections of the Regulations of the General Meeting of Shareholders: section 4: (The General Meeting), 6 (Powers of the General Meeting), 9 (Information available from notice), 10 (Right to information prior to the General Meeting), 12 (Proxies), 13 (Proxy solicitation), 20 (Speeches and questions by shareholders), 22 (Voting of the proposed resolutions) and 28 (Publicity of the resolutions. Likewise, a new section - section 10*bis* - (Electronic Forum of Shareholders) was introduced to the Regulations of the General Meeting of Shareholders, in line with the amendments introduced to the correlate sections of the Articles of Association, for the purposes of encompassing the regulatory changes introduced by Act 25/2011, of 1 August, which has entailed several amendments to the regulations of listed corporations. Meanwhile, section 6 of the Regulations of the General Meeting of Shareholders was amended to adapt the powers of the AGM in the matter of remuneration to the provisions of 219 of the Act on Capital Companies and to expressly include the powers of the General Meeting with regard to its say, further to an advisory say on pay vote, on the annual report on Directors' compensation, as provided in section 61 *ter* of Act 24/1988, of 28 July, on the Stock Exchange.

E.7. Attendance figures for the general meetings held during the year to which this report refers

Attendance data	
Date AGM	17-07-2012
% attendance in person	59.38
% attendance by proxy	22.50
% distance voting	0.08[1]
Electronic vote	
others	
TOTAL	**81.96%**

(1) A total number of one hundred and forty-three shareholders cast remote vote by post.

E.8. Resolutions passed in the General Meetings held in the year to which this report refers and the percentage of votes with which each resolution was passed

The Annual General Meeting of Shareholders of INDITEX held on 17 July 2012 passed in accordance with the agenda the following resolutions, which are summarised below:

"First.- Review and approval, where appropriate, of the financial statements (Balance Sheet, Profit and Loss Account, Shareholders´ Equity Statement, Cash Flow Statement and Annual Report) and Management Report of Industria de Diseño Textil, S.A. (Inditex, S.A.) for fiscal year 2011, ended 31st January 2012.

To approve the Financial Statements (Balance Sheet, Profit and Loss Account, Shareholders´ Equity Statement, Cash Flow Statement and Annual Report) and the Management Report of Industria de Diseño Textil, S.A. (Inditex, S.A.) for fiscal year 2011 (ended 31st January 2012), laid by the Board of Directors at its meeting held on 20th March 2012 and signed by all the directors.

This resolution was passed with the vote in favour of 99.85% of the voting quorum.

Second.- Review and approval, where appropriate, of the financial statements (Balance Sheet, Profit and Loss Account, Statement of Comprehensive Income, Shareholders´ Equity Statement, Cash Flow Statement and Annual Report) and Management Report of the consolidated group (Inditex Group) for fiscal year 2011, ended 31st January 2012 and of the management of the company.

To approve the Financial Statements (Balance Sheet, Profit and Loss Account, Statement of Comprehensive Income, Shareholders´ Equity Statement, Cash Flow Statement and Annual Report) and the consolidated management report of the Inditex Group for fiscal year 2011 (ended 31st January 2012), laid by the Board of Directors at its meeting held on 20th March 2012 and signed by all the directors.

To approve the management of the Board of Directors of Industria de Diseño Textil, S.A. (INDITEX, S.A) for fiscal year 2011.

This resolution was passed with the vote in favour of 99.55% of the voting quorum.

Third.- Distribution of the income or loss of the fiscal year and distribution of dividends.

To approve the proposed distribution of the income of fiscal 2011 (ended 31st January 2011), in the amount of EUR one thousand one hundred fifty-three million two hundred seventy four thousand, to be distributed as shown below:

	€ Thousands
To voluntary reserve	31,279
To dividends	1,121,995
Dividends (maximum amount to be distributed for a fixed gross dividend of €1.80 per share, corresponding to an ordinary dividend of €1.60 per share and an extraordinary dividend of €0.20 per share, for the aggregate 623,330,400 ordinary shares into which the share capital is divided)	
TOTAL	**1,153,274**

It is thus resolved to pay the shares with the right to dividends the gross amount of EUR one and eighty cents (€1.80) per share. The gross amount of EUR ninety cents (€0.90) having been paid last 2nd May 2012 as interim dividend, it is thus resolved to pay the shares with a right to dividends, a supplementary dividend (ordinary and extraordinary) in the gross amount of EUR ninety cents (€0.0) per share, remaining amount to add up to the total dividend.

This supplementary dividend shall be paid to shareholders as of 2nd November 2012, through those entities linked to the Spanish Central Securities Depositary, in charge of the Register of Securities, and the Clearing and Settlement of all trades (Iberclear) where they have their shares deposited.

This resolution was passed with the vote in favour of 99.90% of the voting quorum.

Fourth.- Re-election of GARTLER, S.L. to the Board of Directors as proprietary director.

To approve the re-election of GARTLER, S.L., with VAT No *(Spanish C.I.F.)* B-70080601, whose particulars are already recorded with the Companies Register, to the Board of Directors, for the performance of the duties inherent in the office, as proprietary director, for the five-year term provided in the Articles of Association, as from the date of this Annual General Meeting.

This resolution was passed with the vote in favour of 98.25% of the voting quorum.

Fifth- Ratification and appointment of a director as proprietary director.

To approve and ratify the appointment through the co-option procedure of Mr José Arnau Sierra, whose personal details are already recorded with the Companies Registers, as new member of the Board of Directors, further to the resolution passed by that body in the meeting held on 12th June 2012 and to appoint Mr Arnau Sierra to hold the office of director for the five-year term provided in the Articles of Association of the company, as proprietary director.

This resolution was passed with the vote in favour of 98.28% of the voting quorum.

Sixth.- Appointment of Auditors for the Company and its Group for fiscal years 2012 through 2014, both inclusive.

To appoint Deloitte, S.L, with registered office at Madrid, Plaza Pablo Ruiz Picasso 1, with VAT No B-79104469, registered with the Official Register of Auditors under number S0692, to be the Auditors of the Company in order to review the annual accounts and the management reports of the Company and the consolidated annual accounts and reports of the Inditex Group, for a period running from 1st February 2012 through 31st January 2015.

This resolution was passed with the vote in favour of 99.85% of the voting quorum.

Seventh.- Motion to amend the Articles of Association: sections 15 (the General Meeting), 17 (Notice. Universal General Meetings), 20 (Representation at the General Meeting), 23 (Passing of Resolutions), 28 (Convening and quorum of Board Meetings. Passing of resolutions), 31 (Audit and Control Committee), 32 (Nomination and Remuneration Committee), 40 (Depositing of the accounts) and 42 (Procedure as to liquidation).

To introduce sections 15.4; 17.3 (with the subsequent renumbering of former paragraph 17.3 which shall hereinafter become paragraph 17.4); and 20.6 (with the

subsequent renumbering of former paragraphs 20.6 and 20.7 which shall hereinafter become 20.7 and 20.8, respectively); to amend sections 17.1, 2 and 4 (former 17.3); 20.2 and 5; 23.2; 28.1; 31.1 and 2; 33.1 and 2; 40 and 42 of the Articles of Association which shall hereinafter read as follows:

a) "Section 15.- The General Meeting

4.- The Company shall ensure equal treatment for all its shareholders in the same position, in the acknowledgement of their right to information, their participation and the exercise of their right to vote at the General Meeting of Shareholders."

b) "Section 17.- Notice. Universal General Meetings

1.- General Meetings, both Annual and Extraordinary, must be called by the Board of Directors by notice published in the Official Gazette of the Companies Register, on the web page of the Company (www.inditex.com) and on the web page of the Comisión Nacional del Mercado de Valores *(CNMV)*, at least one month prior to the date set for the meeting, such notice having to state the name of the Company, the place, date and time on which the meeting is to be held, the agenda with all the business to be transacted, the date on which, where appropriate, the meeting shall be held on second call (considering that at least twenty four hours must lapse between those two dates) as well as any other mentions required by statute.

2.- Shareholders who represent at least five (5) percent of the share capital, may request that a supplement to the notice of the General Meeting be published, to include one or more items to the agenda, provided that, however new items are duly evidenced or accompanied, where appropriate, by a duly supported motion. This right must be exercised by means of an irrefutable notice to be received at the registered office within five (5) days of the date of publication of the notice. The supplement to the notice must be published at least fifteen (15) days prior to the date set for the meeting of the General Meeting of Shareholders.

3.- Likewise, shareholders who represent at least five (5) percent of the share capital, may submit, within the same term provided in the paragraph above, duly supported motions on items already included or which shall be included on the agenda of the General Meeting called. The Company shall ensure that such motions and any attached document, where appropriate, are duly disclosed on the web page of the Company.

4.- Notwithstanding the provisions set forth in paragraph 1 above, a General Meeting shall be deemed to be properly called and validly held to deal with any business, provided that shareholders representing the whole share capital are present and the attendants unanimously resolve to hold such meeting."

c) "Section 20.- Representation at the General Meeting

2.- Proxies may be granted by postal or electronic mail, or by any other means of distance communication, provided that the identity of the participating individual and the security of distance communications is ensured, and in such case, the provisions of clause 23 regarding the casting of votes by such means shall apply, provided that it is not incompatible with the nature of proxy.

5.- Prior to his/her appointment, the proxy-holder shall provide to the shareholder detailed information about the existence of any conflict of interests. Should such conflict occur after the appointment of the proxy-holder, and the represented shareholder has not been warned of the potential existence of such conflict, the former shall forthwith inform the latter of such conflict. In both cases, and in the absence of any new and accurate voting instructions regarding each and every item of the agenda on which the proxy-holder shall cast a vote on behalf of the shareholder, the proxy-holder shall abstain from voting.

Unless the proxy-grantor so indicates, should the proxy-holder be involved in a conflict of interests, it shall be assumed that the proxy-grantor has appointed as proxies as well, jointly and severally and in succession, the Chairman of the General Meeting, and if this should also be in conflict of interest, the Secretary of the General Meeting, and if this should also be in conflict of interest, the Capital Markets Director of the Company.

6.- Where any members of the governing body of the Company, or any other person acting on behalf of any of them should have resorted to any public solicitation of proxies, the director who has obtained such proxy shall not exercise the right to vote corresponding to the represented shares regarding those items of the agenda in respect of which such director is involved in any conflict of interest, unless he/she would have received from the proxy-grantor accurate voting instructions for each of such items.

7.- If no instructions regarding the vote on proposals of the agenda were given, it shall be understood that the proxy shall vote in favour of said proposals submitted by the management body. If no instructions regarding the vote on proposals not included on the agenda were given, it shall be understood that the proxy shall vote against said proposals.

8.- Where the document containing the proxy or delegation is submitted to the Company without expressly stating the name of the proxy, it shall be assumed that the proxy-giver has appointed as proxies as well, jointly and severally and in succession, the Chairman of the General Meeting, and if this should also be in conflict of interest, the Secretary of the General Meeting, and if this should also be in conflict of interest, the Capital Markets Director of the Company."

d) "Section 23.- Passing of resolutions

2.- Shareholders with a right to attend and vote may vote on the proposals concerning items of the agenda by post, by electronic means, or via any other means of distance communication, provided that the identity of the participating or voting individual and the security of distance communications is ensured, whenever the Board of Directors, bearing in mind the state of the art and the available means, so decides pursuant to the provisions of the General Meeting of Shareholders´ Regulations, after considering that there are enough guarantees to secure the identification of shareholders who exercise their right to vote and the certainty and authenticity of the will expressed."

e) "Section 28.- Convening and quorum of Board meetings. Passing of resolutions

1.- The Board shall meet whenever such meeting is required by the interests of the Company. Meetings shall be convened by the Chairman or acting Chairman, at his behest, or at the request of at least one third of the Directors.

Likewise, directors representing at least one third of the size of the Board of Directors may convene any meeting of the Board, stating the agenda in the notice, to be held in the place where the registered office of the company is situate, where after request submitted to the Chairman, he should have failed to call the meeting, without reasonable grounds, within one month."

f) "Section 31.- Audit and Control Committee

1.- An Audit and Control Committee shall be formed within the Board of Directors made up of a minimum of three and a maximum of seven non-executive directors appointed by the Board itself, a majority of whom must necessarily be independent directors, and out of whom at least one of them shall be appointed taking into account his/her knowledge and expertise in accounting or audit matters or in both.

For such purposes, independent directors are understood as those professionals of repute not linked to the executive team or the significant shareholders and that meet the requirements that ensure their impartiality and objectivity of opinion".

2.- The Chairman of the Audit and Control Committee, who needs to be an independent director, shall be elected for a maximum four-year term, upon expiry of which he shall be replaced. He may be re-elected after expiry of one year of the date of his removal."

g) "Section 32.- Nomination and Remuneration Committee

1.- A Nomination and Remuneration Committee shall be formed within the Board of Directors, made up of a minimum of three and a maximum of seven external directors, a majority of whom shall be independent directors.

For such purposes, independent directors are understood as those that meet the requirements referred to under the second paragraph of section 31.1.

2.- The Chairman of the Nomination and Remuneration Committee shall be appointed by the Board of Directors out of its independent members."

h) "Section 40.- Filing of the accounts

Within the month following the approval of the annual accounts and the consolidated annual accounts, where appropriate, the Board of Directors shall submit, for their filing with the Companies Register of the registered office, certificates (i) of the resolutions passed by the General Meeting approving the annual accounts and the consolidated annual accounts, where appropriate, and (ii) of the distribution of income or loss. A copy of each one of said accounts as well as the management report and the Auditors' report shall be attached to such certificates."

i) "Section 42.- Procedure as to liquidation

The General Meeting of Shareholders, having resolved to wind up the Company, shall, at the proposal of the Board of Directors, decide on the procedure as to liquidation, appoint one or more liquidators, always being an odd number, and determine their powers. Should any liquidators be appointed by the General Meeting of Shareholders, those who were directors as at the time of the winding up of the Company, shall become liquidators.

Where such liquidation would result from any insolvency proceedings involving the company, no liquidator shall be appointed."

This resolution was passed with the vote in favour of 99.90% of the voting quorum.

Eighth.- Motion to amend the General Meeting of Shareholders' Regulations: section 4 (The General Meeting), 6 (Powers of the General Meeting), 9 (Information available from notice), 10 (Right to information prior to the General Meeting), 12 (Proxies), 13 (Proxy solicitation), 20 (Speeches and questions by shareholders), 22 (Voting of the proposed resolutions) and 28 (Publicity of the resolutions) as well as proposed introduction of section 10bis (Electronic Forum of Shareholders) of the General Meeting of Shareholders´ Regulations.

To introduce section 10 *bis* and to amend sections 4.2; 6 (f); 8.1, 2, 3, 4 and 5; 9.1.a), b), c), d), e) y f) and 2; 10; 12.1, 2 and 5, and subsequent renumbering of former sections 5, 6, 7 and 8; 13; 20.2; 22.3; 22.5 and 28.1 and

2 of the General Meeting of Shareholders' Regulations, which shall hereinafter read as follows:

a) "Section 4. The General Meeting

2. The Company shall ensure equal treatment for all its shareholders in the same position, in the acknowledgement of their right to information, their participation and the exercise of their right to vote at the General Meeting of Shareholders".

b) "Section 6. Powers of the General Meeting

(f) To approve the adoption of remuneration systems consisting of the granting either of shares or stock options, as well as any other remuneration system linked to the value of the shares, for the benefit of directors, and to conduct a consultative vote on the annual report on Directors´ compensation".

c) "Section 8. Notice

1. General Meetings, either Annual or Extraordinary, shall be called by the Board of Directors by notice published in the Official Gazette of the Companies Register, on the Company´ s Web page and on the web page of the Comisión Nacional del Mercado de Valores *("CNMV")*, at least one month in advance of the date set for the meeting or any longer period of time required by the Law, where appropriate, depending on the resolutions submitted to its discussion.

2. The notice shall state all the issues required by statute, where appropriate, and namely:

(a) the name of the Company, the place, day and time on which the General Meeting is to be held on first call, the date on which the General Meeting is to be held on second call, where appropriate (at least a 24-hour period shall lapse between the first and the second call) and the office of the individual or individuals who call the meeting.

(b) The notice shall also state clearly and accurately the agenda of the General Meeting, with all the business to be transacted.

(c) The requirements that need to be met in order to attend the General Meeting and the ways to evidence such fulfilment to the Company, as well as the date by which shareholders shall have registered in their own name the number of shares required to take part and to vote at the General Meeting.

(d) Where and how to get the full text of the documents and proposed resolutions and the web page of the Company where such information shall be available.

(e) The right of shareholder to be represented at the General Meeting by someone else, even though the proxy-holder is not a director, and the requirements and procedures to exercise such right, including the right to add items on the agenda and to submit motions, and the deadline to exercise such right.

(f) The right of information that shareholders have and the manner to exercise it.

(g) The information on the systems to cast vote by proxy, the forms that need to be filled out to act by proxy and the means that need to be used for the Company to accept any notice of proxies granted given by electronic means, and the procedures set forth for casting of remote voting, either by post or by electronic means.

3. Shareholders who represent at least five (5) percent of the share capital, may request that a supplement to the notice of the General Meeting be published, to include one or more items on the agenda, provided that, however new items are duly evidenced or accompanied, where appropriate, by a duly supported motion. This right must be exercised by means of an irrefutable notice to be received at the registered office within five (5) days of the date of publication of the notice. The supplement to the notice must be published at least fifteen (15) days prior to the date set for the meeting of the General Meeting of Shareholders.

Likewise, shareholders who represent at least five (5) percent of the share capital, may submit, within the same term provided in the paragraph above, duly supported motions on items already included or which shall be included on the agenda of the General Meeting called. The Company shall ensure that such motions and any attached document, where appropriate, are duly disclosed on the web page of the Company.

4. No later than the day of publication, or in any case the immediate following working day, the Company must send the notice, and where appropriate, the eventual supplement thereto, to the *CNMV*, as well as to the Governing Companies of the Stock Exchanges where the shares of the Company are quoted for its insertion in the Stocks' Gazettes. The text of the notice and, where appropriate, the eventual supplement thereto, shall also be available on the Company´s web page.

5. Notwithstanding the provisions of the paragraphs above, the General Meeting shall be deemed to be properly called and validly held to deal with any business, provided that shareholders representing the whole share capital are present and the attendants unanimously resolve to hold such meeting".

d) "Section 9. Information available from notice

1. From the publication of the notice, the Company shall make available to the shareholders the following information.

(a) The notice of the General Meeting.

(b) The aggregate number of shares and voting rights as at the date of the notice.

(c) The documents (such as, among others, the annual accounts, proposals for the distribution of income or loss, management reports, auditors reports, directors reports, proposals for resolutions, full text of the amendments to the Articles of Association, auditors and/or independent experts' reports, merger or split-off plans) that must be necessarily provided according to statute, regarding the different items included on the agenda.

(d) The full text of the motions that the Board of Directors submits to the deliberation and approval of the General Meeting in respect of the different items on the agenda, including the proposed resolutions submitted by the shareholders, as well as all the information regarding directors whose ratification or appointment is proposed, pursuant to the provisions of the Board of Directors´ Regulations. As an exception, the Board of Directors may omit the publication of those proposals not required by statute or by the Articles of Association to be made available to the shareholders from the date of the notice to the General Meeting, whenever concurrent justified reasons advise against their early publication.

(e) Practical information linked to the Meeting and the way in which the shareholders exercise their voting rights, such as, amongst others:

(i)The communication channels existing between the Company and the shareholders, and namely those explanations necessary for shareholders to exercise their right to information, stating the postal addresses and e-mail addresses where they can address their queries.

(ii) The ways and procedures to grant proxy for the General Meeting.

(iii) The ways and procedures to cast votes through remote communication systems, including, the exercise of vote by proxy and through remote means at the General Meetings, unless they are directly sent by the Company to each shareholder. Where such ways and procedures can´t be posted on the web page for technical reasons, the Company shall state on the web page how to get the paper forms, which it shall send to any shareholders requesting so.

(iv) Information on the location of the place where the General Meeting is to be held and the way to access same.

(v)Information, where appropriate, on the systems or procedures that may facilitate the monitoring of the Meeting, such as simultaneous translation devices, broadcasting through audiovisual means, information available in foreign languages, etc.

(f) Any other information deemed appropriate in order to facilitate the attendance and participation of the shareholders at the General Meeting.

2. Shareholders may get at the registered office, free of charge and immediately, the documents and information referred to in the paragraphs above, and request their free delivery or dispatch, in accordance with the provisions of the Law. Furthermore, such documents and information shall be included on the Company's web page".

e) "Section 10. Right to information prior to the Meeting

1. From the very day the notice of the General Meeting is published, and until the seventh day, included, prior to the day set for the General Meeting to be held, every shareholder may request in writing to the Board of Directors the information or clarification they may deem necessary or ask the questions they might think fit, regarding the items on the agenda. Moreover, in the same term and manner, every shareholder may request information or clarifications or ask questions in writing concerning the information available to the public that the Company might have already furnished to the CNMV from the date the last General Meeting was held and concerning the auditor´s report. Likewise, shareholders may gather any other information they may need regarding the General Meeting through the Company´s web page or through the Shareholders´ Service Department telephone number to be established for that purpose, which shall be appropriately disseminated.

2. The Board of Directors must provide the required information except (i) where the Chairman should consider that the publicity of the information requested may be detrimental to the Company´s best interests, (nevertheless, this exemption may not be claimed where the request is supported by shareholders representing at least twenty five (25) per cent of the share capital; (ii) where the information or clarification requested does not concern the items on the agenda or the information available to the public that the Company has furnished to the CNMV from the date the last General Meeting was held; (iii) where the information or clarification requested is not deemed to be reasonably necessary in order to reach an opinion over those matters raised to the General Meeting or, if by any means, it is considered abusive; (iv) where prior to the raising of the question, the information requested is clearly and directly available to all shareholders on the web page of the Company under the question-answer format, or (v) where legal provisions or regulations so provide.

3. The shareholders' requests for information shall be answered by the full Board of Directors, any member thereof, the Secretary, even if he/she is not a member of the Board, or by any other person expressly authorized by the Board for this purpose.

4. Under the terms provided in Law the requests for information must be answered in writing and prior to the General Meeting, unless the characteristics of the required information make it unsuitable. Those requests for information that due to the proximity to the date of the General Meeting, cannot be answered prior to said General Meeting or those that are submitted during the same shall be answered during the General Meeting, in accordance with the criteria stated in these Regulations or, where appropriate, in the shortest period of time as of the date on which the General Meeting was held and always, within the maximum term provided by the Law for this purpose.

5. Those answers given to significant questions and made available to the shareholders prior to the date on which the meeting is set to be held, shall be made available to the shareholders attending the meeting at the beginning of the same, and shall also be disseminated though the Company's web page".

f) "Section 10 bis. Electronic Forum of Shareholders

With regard to the notice of General Meetings of Shareholders, an Electronic Forum of Shareholders shall be made available on the web page of the company, which may be accessed with all due guarantees, both by individual shareholders and voluntary associations which may be established under the legal requirements, for the purposes of promoting communication with shareholders prior to the General Meetings. Any motion intended to be submitted as a supplement to the agenda disclosed on the notice, any requests for adhering to such motions, any motion to reach the required percentage enabling to exercise a minority right provided by law and any offer or request of voluntary representation may be published on such Forum. The Board of Directors may implement the foregoing, by fixing the procedure, the terms and any other conditions for the operation of the Electronic Forum of Shareholders".

g) "Section 12.- Proxies

1. Any shareholder who has the right to attend may be represented by someone else in the General Meeting, even if the proxy-holder is not a shareholder. Such proxies shall be conferred in writing and specifically for each particular General Meeting. This requirement shall not apply when the proxy-holder is the spouse, ancestor or descendant of the proxy-granter, or when the proxy-holder has been conferred a general power of attorney, granted as a deed, with powers to manage all the assets that the proxy-grantor has on national territory. No shareholder may be represented at a General Meeting by more than one proxy-holder, except for such cases where a financial intermediary is involved who may grant proxy to any third party appointed by the client; in such case, the number of proxies granted can´t be restricted.

2. Proxies may be granted by postal or electronic mail, or by any other means of distance communication, provided that the identity of the participating individual and the security of distance communications is ensured, and in such case, the provisions of section 23 of the Articles of Association regarding the casting of votes by such means shall apply, provided that it is not incompatible with the nature of proxy.

5. Prior to his/her appointment, the proxy-holder shall provide detailed information to the shareholder about the existence of any conflict of interests. Should such conflict occur after the appointment of the proxy-holder, and the represented shareholder has not been warned of the potential existence of such conflict, the former shall forthwith inform the latter of such conflict. In both cases, and in the absence of any new and accurate voting instructions regarding each and every item of the agenda on which the proxy-holder shall cast a vote on behalf of the shareholder, the proxy-holder shall abstain from voting.

6. Unless the proxy-grantor so indicates, should the proxy-holder be involved in a conflict of interests, it shall be assumed that the proxy-grantor has appointed as proxies as well, jointly and severally and in succession, the Chairman of the General Meeting, and if this should also be in conflict of interest, the Secretary of the General Meeting, and if this should also be in conflict of interest, the Capital Markets Director of the Company.

7. If no instructions regarding the vote on proposals included on the agenda were given, it shall be understood that the proxy-holder shall vote in favour of said proposals submitted by the governing body. If no instructions regarding the vote on proposals not included on the agenda were given, it shall be understood that the proxy-holder shall vote against said proposals.

8. Where the document containing the proxy or delegation is submitted to the Company without expressly stating the name of the proxy-holder, it shall be assumed that the proxy-grantor has appointed as proxies as well, jointly and severally and in succession, the Chairman of the General Meeting, and if this should be involved in a conflict of interest, the Secretary of the General Meeting, and if this should also be involved in a conflict of interest, the Capital Markets Director of the Company".

h) "Section 13. Proxy solicitation

The rules laid down in the prevailing regulations governing companies which apply to proxy solicitation shall apply to the proxy solicitations publicly made by the Board of Directors, the entities in charge of the book-entries registry, or any other person or public entity. Namely, the document containing the proxy shall state or have attached the agenda, the request for instructions in order to exercise the voting rights and the

indication on the way the proxy shall vote in case he is not given precise instructions. If the proxy solicitation is made by the Board of Directors, and no instructions are given to the proxy-holder, the vote will be understood to be in favour of the proposal submitted by the Board of Directors, within the legal limitations provided by the regulations in force.

Where members of the governing body of the Company or any other person acting for or on behalf of any of them should have resorted to any public solicitation of proxies, the director who has obtained such proxy shall not exercise the right to vote corresponding to the represented shares regarding those items of the agenda in respect of which such director is involved in any conflict of interest, unless he/she would have received from the proxy-grantor accurate voting instructions for each of such items".

i) "Section 20. Speeches and questions by shareholders

2. While they take the floor, shareholders may request verbally the reports or clarifications they may deem necessary on the items of the agenda, the information available to the public that the Company would have furnished to the *CNMV* from the date the latest General Meeting was held, and the auditor´s report.

The requested information or clarification shall be furnished to the shareholder by the Chairman or, where appropriate, and following the latter's indications, by the Chairman of the Audit and Control Committee, the Secretary, any director or, where appropriate, any employee or expert on the subject, unless any of the circumstances envisaged under Article 10 above should occur (if so, Article 10 shall prevail) or unless the requested information is not available during the General Meeting itself; in such case, said information shall be provided within the shortest period of time following the date on which the General Meeting was held and anyway in compliance with the maximum term legally provided for said purpose. Directors are not bound to answer any specific question raised by the shareholders where, prior to raising them, the information requested was clearly and directly made available to all the shareholders on the corporate web page under the question-answer format".

j) "Section 22. Voting on the proposed resolutions

3. The Secretary need not read out in advance entirely the proposed resolutions which were furnished to the shareholders at the beginning of the session pursuant to Section 14 and available to them and posted on the web page of the Company as of the date the notice calling the General Meeting of Shareholders was published, pursuant to the provisions of section 9. Anyway, the Secretary shall mention to the members in attendance which proposed resolution must be voted at each time, and shall summarize the essential contents of those resolutions which have not been entirely read out in advance. Where alternative proposed resolutions to those submitted by the Board of Directors regarding items included on the agenda had been put forward, the proposal of the Board shall be put to the vote first and then, where appropriate, those proposed by other speakers in chronological order, according to the moment in which they have been submitted.

Upon passing of a resolution by the General Meeting, the remaining proposals regarding the same item on the agenda, and which are incompatible with the passed resolution shall become automatically void, and shall not be put to vote.

5. With regard to financial intermediaries and pursuant to the provisions of law, they may cast, on behalf of their clients, a dissenting vote pursuant to different voting instructions, should they have received them. For such purposes, they should have submitted to the Company, within the seven days prior to the date slated for the General Meeting to be held, a list with the identity of each client, the number of shares in respect of which they exercise the right to vote, and the voting instructions received by such intermediary, where appropriate".

k) "Section 28.- Publicity of the resolutions

1. Subject to having to record with the Companies Register any resolutions eligible for registration, and subject to all applicable legal provisions on the publicity of corporate resolutions, the full text of the resolutions passed by the General Meeting shall be relayed to *CNMV* as a relevant fact on the same day the General Meeting was held or on the first working day immediately after said date, and shall be posted on the web page of *CNMV*. The text of the resolutions shall also be available on the Company´s web page.

Resolutions passed and the result of the votes cast shall be available on the web page of the Company within five (5) days of the date when the General Meeting was held. Namely, regarding each resolution put to vote at the General Meeting, at least the number of shares in respect of which votes have been validly cast shall be determined, as well as the percentage such votes represent on the share capital of the Company, and the aggregate number of valid votes, the number of votes for, and against each resolution and, where appropriate, the number of abstentions".

This resolution was passed with the vote in favour of 99.80% of the voting quorum.

Ninth.- Authorization to the Board of Directors for the derivative acquisition of treasury stock, superseding the authorization approved by the Annual General Meeting held in 2010.

To authorize the Board of Directors, so that, in accordance with the provisions of section 146 of the Act

on Capital Companies, it may proceed to the derivative acquisition of treasury stock, either directly or through any subsidiaries in which the Company is the controlling company, observing the legal limits and requirements and under the following conditions:

a) Methods of acquisition: the acquisition shall be done through purchase and sale, exchange or dación en pago [acceptance in lieu of payment].

b) Maximum number of treasury stock to be acquired: shares with a nominal value which, added to that of those shares, directly or indirectly in the possession of the Company, do not exceed 10% of the share capital.

c) Maximum and minimum prices: the minimum price of acquisition of the shares shall be their nominal value and the maximum price shall be up to 105% of their market value at the date of purchase.

d) Duration of the authorization: five (5) years from the date of this resolution.

For the purposes of the provisions of paragraph a) of section 146.1 of the Act on Capital Companies, it is hereby stated that the shares purchased under this authorization may be allocated by the Company, among other things, to be handed out to the employees or directors of the Company, either directly or as a result of the exercise of any option they may hold, under remuneration schemes for staff of the Company or its Group.

This authorization supersedes the authorization approved by the Annual General Meeting of Shareholders held on 13th July 2010".

This resolution was passed with the vote in favour of 99.37% of the voting quorum.

Tenth.- Approval of the corporate web page (www.inditex.com).

To approve, for the purposes of the provisions set forth in section 11 bis of the Act on Capital Companies, the corporate web page of Industria de Diseño Textil, S.A. (INDITEX, S.A.): www.inditex.com.

For the record, it is hereby stated that such corporate web page was created prior to the enactment of said section 11bis of the Act on Capital Companies, and due notice thereof was given to the Companies Register".

This resolution was passed with the vote in favour of 99.90% of the voting quorum.

Eleventh.- Advisory say on pay vote on the Annual report on Directors´ compensation.

To approve, by means of an advisory say on pay vote, the annual report on Directors' compensation of Industria de Diseño Textil, S.A. (INDITEX, S.A.), the full text of which was made available to the shareholders, together with the remaining documentation for the Annual General Meeting of Shareholders, as of the date the notice of the Annual General Meeting was published.

This resolution was passed with the vote in favour of 84.39% of the voting quorum.

Twelfth.- Information provided to the Annual General Meeting of Shareholders about the amendment of the Board of Directors' Regulations.

Pursuant to the provisions of section 528 of the Act on Capital Companies, the Annual General Meeting of Shareholders is hereby informed that it was resolved by the Board of Directors in the meeting held last 12 June 2012, after report and memorandum in support issued by the Audit and Control Committee, to amend sections 14, 15, 17, 20, 23, 28, 30 and 39 of the Board of Directors' Regulations in order to:

i) include the regulatory changes introduced as a result of the entry into force of Act 25/2011, of 1 August which amends in part the Act on Capital Companies and includes Directive 2007/36/EC of the European Parliament and of the Council, of 11 July, on the exercise of certain rights of shareholders listed companies and Act 2/2011, of 4 March on Sustainable Economy which gave rise to several amendments to Act 24/1988 of 28 July, on the Stock Exchange; (ii) embrace recommendations 44 and 54 of the Unified Code on Good Governance of Listed Companies, with a consistency approach regarding the composition of the different Supervision and Control Committees of the Board of Directors of the Company; iii) extend the powers of the Audit and Control Committee; and iv) delete any regulatory references to the extinct Spanish Corporation Act and replace them with the relevant references to the Act on Capital Companies, and improve the wording of the prevailing Board of Directors´ Regulations in force.

Namely, it was resolved by the Board: a) to amend paragraphs one and two of sections 14 and 15 for the purposes of upholding consistency with regard to the composition of the different Supervision and Control Committees of the Board of Directors and adapting the wording of said sections to the contents of recommendations number 44 and 54 of the Unified Code on Good Corporate Governance of Listed Companies. Thus, sections 14 and 15 provide that both the Audit and Control Committee and the Nomination and Remuneration Committee are entirely composed of external directors, most of whom shall be independent directors, and that such Committees shall be chaired by an independent director. Both recommendations had been already embraced by the Company. Additionally, amend sup-paragraph (n) of section 14 so that the Audit and Control Committee, in addition to reporting on compliance with the Code of Conduct, would also

report to the Board of Directors on compliance with the additional documents which make up the internal regulatory compliance model from time to time in force and include two new sub-paragraphs (s) and (t) into section 14, for the purposes of adding to the duties of the Audit and Control Committee some duties provided in the Code of Best Tax Practices, issued by the Foro de Grandes Empresas, to which the Company has adhered. Likewise, a new sub-paragraph (i) is added to the second paragraph of section 15, to allocate to the Nomination and Remuneration Committee the responsibility of preparing and submitting to the Board of Directors an annual report on Directors´ compensation, provided to the provisions of new section 61 ter of Act 24/1988, of 28th July on the Securities Market; b) to add a new sub-paragraph to the first paragraph of section 17 for the purposes of technically improving its wording and matching its contents with the new wording of section 246 of the Act on Capital Companies, further to the amendments introduced by Act 25/2011. Thus, the Board of Directors of the Company may be convene: (i) by the Chairman (or acting chairman), when he/she shall deem it fit, or upon request of one third of the members of the Board, and (ii) by directors representing at least one third of the members of the Board, where, further to the request made to the Chairman of such body, he/she would have failed to convene the Board of Directors within one month; c) to amend the fourth paragraph of section 17, the first paragraph of section 20 and section 30, for the purposes of deleting any references to the extinct Spanish Corporation Act, and replacing them with the relevant reference to the Act on Capital Companies; (iv) to amend the first paragraph of section 23 to delete a superfluous reference to the length of the tenure, provided in the Articles of Association which shall not be in excess of six years, pursuant to the provisions of section 221 of the Act on Capital Companies; and (v) to amend paragraphs three and four of section 28 and paragraph two of section 39 to adjust their contents to the new sections 61bis and 61ter of Act 24/1988, of 28 July, on the Stock Exchange, introduced by Act 2/2011, of 4 March, on Sustainable Economy which governs the obligation for listed companies to draft every year two annual reports, on corporate governance and on directors´ compensation. The Board of Directors subjected the effectiveness of such resolutions to the condition precedent that the motions to amend the Articles of Association and the General Meeting of Shareholders´ Regulations addressed in items six and seven of the agenda would be passed by this Annual General Meeting.

Thirteenth.- Granting of powers for the implementation of resolutions.

Delegate to the Board of Directors, expressly empowering it to be substituted by the Executive Committee or by any of its members, as well as to any other person expressly authorised for these purposes by the Board, of the necessary powers as wide as required in law for the correction, development and implementation, at the time that it considers most appropriate, of each of the resolutions passed in this Annual General Meeting.

In particular, to authorise the Chairman of the Board of Directors and C.E.O., Mr Pablo Isla Álvarez de Tejera and to grant a special power of attorney as broad as might be required in law, to the Secretary of the Board, Mr Antonio Abril Abadín so that, either of them, jointly and severally, without distinction, and as widely as is necessary in Law, may carry out whatever actions are appropriate to implement the resolutions passed in this General Meeting in order to record them in the Companies Register and in any other Registries, including, in particular, and amongst other powers, that of appearing before a Notary Public to execute the public deeds and notary's certificates that are necessary or expedient for such purpose, correct, rectify, ratify, construe or supplement the agreements and execute any other public or private document that is necessary or appropriate so that the resolutions passed are implemented and fully registered, without the need for a new resolution of the Annual General Meeting, and to proceed to the mandatory filing of the individual and consolidated annual accounts with the Companies Register.

This resolution was passed with the vote in favour of 99.90% of the voting quorum".

The full text of these resolutions was available to the public as of 17 July 2012 on the corporate website (www.inditex.com) and also on the web site of *CNMV*.

E.9. By-law restrictions requiring a minimum number of shares to attend the General Meeting of Shareholders

There are no by-law restrictions requiring a minimum number of shares to attend the General Meeting of Shareholders.

E.10. Policies followed by the Company in relation to proxies in the General Meeting of Shareholders

Section 12 of the Regulations of the General Meeting of Shareholders, implementing the provisions of article 20 of the Articles of Association, lays reads as follows:

"1. Any shareholder who has the right to attend may be represented by someone else in the General Meeting, even if the proxy-holder is not a shareholder. Such proxies shall be conferred in writing and specifically for each particular General Meeting. This requirement shall not apply when the proxy-holder is the spouse, ancestor

or descendant of the proxy-granter, or when the proxy-holder has been conferred a general power of attorney, granted as a deed, with powers to manage all the assets that the proxy-grantor has on national territory. No shareholder may be represented at a General Meeting by more than one proxy-holder, except for such cases where a financial intermediary is involved who may grant proxy to any third party appointed by the client; in such case, the number of proxies granted can´t be restricted.

2. Proxies may be granted by postal or electronic mail, or by any other means of distance communication, provided that the identity of the participating individual and the security of distance communications is ensured, and in such case, the provisions of section 23 of the Articles of Association regarding the casting of votes by such means shall apply, provided that it is not incompatible with the nature of proxy.

3. Proxies shall be included in the list of members in attendance, stating in case they are granted in a public document, the date of execution, the authorizing Notary, and the number of the record. Notwithstanding the above, the person acting as Chairman of the General Meeting in accordance with the provisions of Section 22 of the Articles of Association, may ask the proxy to provide the documentation that proves the nature of its representation. The Company shall keep a record of those documents containing the proxies granted.

4. Proxies can always be revoked. The attendance of the proxy-giver at the Meeting, either in person, or having effected the vote by remote communication systems, shall have the effect of a revocation, regardless of the date on which the proxy was granted.

5. Prior to his/her appointment, the proxy-holder shall provide detailed information to the shareholder about the existence of any conflict of interests. Should such conflict occur after the appointment of the proxy-holder, and the represented shareholder has not been warned of the potential existence of such conflict, the former shall forthwith inform the latter of such conflict. In both cases, and in the absence of any new and accurate voting instructions regarding each and every item of the agenda on which the proxy-holder shall cast a vote on behalf of the shareholder, the proxy-holder shall abstain from voting.

6. Unless the proxy-grantor so indicates, should the proxy-holder be involved in a conflict of interests, it shall be assumed that the proxy-grantor has appointed as proxies as well, jointly and severally and in succession, the Chairman of the General Meeting, and if this should also be in conflict of interest, the Secretary of the General Meeting, and if this should also be in conflict of interest, the Capital Markets Director of the Company.

7. If no instructions regarding the vote on proposals included on the agenda were given, it shall be understood that the proxy-holder shall vote in favour of said proposals submitted by the governing body. If no instructions regarding the vote on proposals not included on the agenda were given, it shall be understood that the proxy-holder shall vote against said proposals.

8. Where the document containing the proxy or delegation is submitted to the Company without expressly stating the name of the proxy-holder, it shall be assumed that the proxy-grantor has appointed as proxies as well, jointly and severally and in succession, the Chairman of the General Meeting, and if this should be involved in a conflict of interest, the Secretary of the General Meeting, and if this should also be involved in a conflict of interest, the Capital Markets Director of the Company".

E.11. Institutional investors as to participation or lack of participation in the Company's decisions

The share capital of INDITEX is represented by the book-entry system and there is no shareholders' register. The Company is not expressly aware nor has it received any notice regarding the policy of the institutional shareholders with respect to participation in company decision-making.

E.12. Address and means of access to the corporate governance contents on the web site

The address of the corporate website of INDITEX is www.inditex.com.

During FY2004, INDITEX's web page was updated, to adapt its content and the time allocated for the disclosure of information to the requirements of Spanish Ministerial Order ECO/3722/2003 of 26 December, and, above all, to the requirements established in Circular 1/2004 of CNMV.

In order to access the corporate governance contents, please take the following steps: once you are on the corporate web page (www.inditex.com), a menu with several tabs is displayed on the home page, among them the one called "Information for Shareholders and Investors". If you click on that heading, or place the cursor thereon, the tabs headed "Investor Relations", "Relevant Facts", "Corporate Governance" and "Contact for Shareholders" will appear. Likewise, many different documents of interest to shareholders and investors may be downloaded from this same page.

Within these last tabs of the web page, the following information and documentation is available:

– Rules and regulations: Articles of Association, the Regulations of the General Meeting of Shareholders

and the Board of Directors' Regulations and the Internal Regulations of Conduct regarding Transactions in Securities.

- Shareholding structure: share capital, number of shares, significant holdings, information on treasury stock, etc.
- The General Meeting of Shareholders: notices of meeting, agendas of meetings, proposed resolutions, reports from the members of the Board, full texts of the documents put forward to the General Meeting for approval or that are submitted thereto for its information, presentations given, quorums, resolutions passed, votes cast and which way they were cast.
- Board of Directors: composition of the Board, of the Executive Committee, of the Audit and Control Committee and the Nomination and Remuneration Committee, with details of the different types of directors and the offices they hold in each of the committees or bodies and shares held in the company by the members of the Board of Directors.
- Relevant facts.
- Other information: daily and historic price of the share, investor diary, dividends, financial information, Annual Report for the last few years; financial information (annual, half-yearly and quarterly results), presentations and webcasts, press releases, public periodic information, para-social agreements, transactions with related parties, Annual Corporate Governance Reports and communication channels with the company.

Furthermore, and in accordance with the provisions in Circular 1/2004 of the *CNMV*, certain corporate governance documents are directly available from the site map on the web site.

Finally, it must be pointed out that the information included on the web page is given in two languages: Spanish and English, except for certain documents.

Additionally, the Annual General Meeting of Shareholders dated 17 July 2012 resolved to approve INDITEX's corporate web page for the purposes of the provisions laid down in section 11 *bis* of the Act on Capital Companies.

F. Degree to which the good governance recommendations have been followed

Indicate the degree of conformance of the company to the recommendations of the Unified Code on Good Governance.

In the event of non-compliance with any of them, explain the recommendations, rules, practices or criteria applied by the Company.

1. The By-Laws of listed companies do not limit the maximum number of votes that can be cast by a single shareholder, or impose other obstacles to the takeover of the Company by means of the acquisition of its shares on the market.

See sections: A.9, B.1.22, B.1.23, B.1.24 and E.1, E.2

[x] Complies [ ] Explain

2. When both the parent company and a Company controlled by it are listed companies, they both provide detailed public disclosure on:

a) Their respective areas of activity, and any business dealings between them, as well as between the controlled listed Company and other companies belonging to the group;

b) The mechanisms in place to resolve any conflicts of interest that may arise.

See sections: C.4, C.5, C.6 and C.7

[ ] Complies [ ] Complies in part [ ] Explain [x] Not applicable

3. Even if not expressly required under applicable commercial Laws, transactions involving a structural change of the Company and, in particular, the following, are submitted to the shareholders at the General Meeting of Shareholders for approval:

a) The transformation of listed companies into holding companies through "subsidiarization" or reallocating core activities to controlled entities that were previously carried out by the Company itself, even if the latter retains full ownership of the former;

b) The acquisition or disposal of key operating assets, when it involves an actual change in the corporate purpose;

c) Transactions whose effect is tantamount to the liquidation of the Company.

[x] Complies [ ] Complies in part [ ] Explain

Although the case described under letter a) of this Recommendation is not expressly covered in the Regulations of the General Meeting of Shareholders, Chapter III of Act 3/2009 of 3 April on the structural amendments of private companies, expressly governs the segregation (full transfer on account of universal succession of one or several parts of the assets of one company, each of which sets an economic unit, to one or several companies, and the segregated company receives shares of the beneficiary companies) and the "subsidiarization" (full transfer of the assets of a company to a newly incorporated company, in exchange for the full stock of the beneficiary company) of private companies, by submitting the above referred transactions (segregation and subsidiarization) to the regulation of split-off, where appropriate. Therefore, such transactions which basically encompass the case referred to under letter a) of this Recommendation should be subject to the prior approval of the Annual General Meeting of Shareholders, pursuant to the provisions of the above referred Act.

Likewise, the cases described under letters b) and c) are expressly provided in Section 6.j) of the Regulations of the General Meeting of Shareholders as issues which need to be approved by the AGM.

4. Detailed proposals of the resolutions to be adopted at the Annual General Meeting, including the information to which recommendation 28 refers, are made public at the time of publication of the notice of the General Meeting of Shareholders.

[x] Complies [ ] Explain

5. Matters that are substantially independent are voted on separately at the General Meeting of Shareholders, in order to allow the shareholders to express their voting preferences separately. This rule applies, in particular:

a) To the appointment or ratification of directors, issues which shall be voted on individually;

b) In the event of amendments of the Articles of Association, to each article or group of articles that is substantially independent of one another.

See section: E.8

[x] Complies [ ] Complies in part [ ] Explain

6. Companies allow split votes so financial intermediaries who are recorded as having shareholder status but act for different clients can divide their votes in accordance with the instructions given by such clients.

See section: E.4

[x] Complies [ ] Explain

7. The Board performs its duties with a unity of purpose and independent judgment, affording equal treatment to all shareholders in furtherance of the corporate interests, which shall be understood to mean the optimization, in a sustained fashion, of the financial value of the Company.

It likewise ensures that in its dealings with stakeholders, the Company abides by the laws and regulations, fulfils its obligations and contracts in good faith, respects the customs and good practices of the industries and territories in which it operates and upholds any other social responsibility standards to which it has voluntarily adhered.

[x] Complies [ ] Complies in part [ ] Explain

8. The Board assumes responsibility, as its core mission, for approving the company's strategy and the organization required to put it into practice, and to ensure that Management meets the goals set while pursuing the company's interest and corporate purpose. As such, the Board in plenary session reserves for itself the right to approve:

a) The Company's policies and general lines of strategy, and in particular:

i) The Strategic or business Plan as well as the management goals and annual budgets;

ii) The investment and financing policy;

iii) The design of the structure of the corporate group;

iv) The corporate governance policy;

v) The corporate social responsibility policy;

vi) The policy for compensation and assessment of the performance of senior managers;

vii) The risk control and management policy, as well as the periodic monitoring of internal information and control systems.

viii) The dividend policy and the policy regarding treasury stock and, especially, the limits thereto.

See sections: B.1.10, B.1.13, B.1.14 and D.3

b) The following decisions:

i) At the proposal of the chief executive of the Company, the appointment and, if applicable, removal of senior managers, as well as their severance packages.

See section: B.1.14

ii) The compensation of directors and, in the case of executive directors, the additional compensation to be paid for their executive duties and other terms of their contracts.

See section: B.1.14.

iii) The financial information that the Company must periodically disclose publicly due to its status as listed company.

iv) Investments or transactions of all kinds which are strategic in nature due to the large amount or special characteristics thereof, unless approval thereof falls upon the shareholders at the General Meeting of Shareholders.

v) The creation or acquisition of interests in special-purpose entities or entities registered in countries or territories regarded as tax havens, as well as any other transactions or operations of a similar nature whose complexity might impair the transparency of the group.

c) Transactions made by the Company with directors, with significant shareholders or shareholders with Board representation, or with other persons related thereto ("related-party transactions").

However, Board authorization need not be required in connection with related-party transactions that simultaneously meet the following three conditions:

1st They are governed by standard-form agreements applied on an across-the-board basis to a large number of clients;

2nd They are conducted at prices or rates generally set by the party acting as supplier of the goods or services in question;

3rd The amount thereof is not higher than 1% of the annual revenues of the Company.

It is recommended that related-party transactions be approved by the Board after favourable report of the Audit and Control Committee or, where appropriate, such other committee handling the same function; and that the directors affected thereby should neither exercise nor delegate their votes, and should be absent from the meeting room while the Board deliberates and votes on the transaction.

It is recommended that the powers granted herein to the Board are conferred without the power of delegation, except for those mentioned under b) and c) above, which may, for urgent reasons, be adopted by the Executive Committee subject to subsequent ratification by the Board in plenary session.

See Sections C.1 and C.6

[x] Complies [ ] Complies in part [ ] Explain

9. In order to operate effectively and in a participatory manner, the Board ideally is comprised of no less than five and no more than fifteen members.

See section: B.1.1

[x] Complies [ ] Explain

10. Non-executive proprietary and independent directors are a vast majority on the Board and the number of executive directors is the minimum necessary number, bearing in mind the complexity of the corporate Group and the percentage interest held by the executive directors in the Company's share capital.

See sections: A.2, A.3, B.1.3 and B.1.14.

[x] Complies [ ] Complies in part [ ] Explain

11. If there is an external director who cannot be deemed either proprietary or independent, the Company explains such circumstance and the links such director maintains with the company or its managers or with its shareholders.

See section B.1.3

[ ] Complies [x] Not applicable

12. Among non-executive directors, the relation between the number of proprietary directors and independent directors reflects the proportion existing between the share capital of the Company represented by proprietary directors and the rest of its capital.

This strict proportionality standard can be relaxed so that the weight of proprietary directors is greater than would correspond to the total percentage of the share capital that they represent:

1st In large cap companies, where few or no equity stakes attain the legal threshold as significant, but there are shareholders holding interests with a high absolute value.

2nd In case of companies with a plurality of shareholders represented on the Board but not otherwise related.

See sections: B.1.3, A.2 and A.3

[x] Complies [ ] Explain

13. The number of independent directors represents at least one-third of the total number of directors.

See section: B.1.3

[x] Complies [ ] Explain

14. The status of each director is explained by the Board at the General Meeting of Shareholders at which the shareholders are to make or ratify their appointment and that such status is confirmed or reviewed, as the case may be, annually in the Annual

Corporate Governance Report, after verification by the Nomination and Remuneration Committee. Said report also discloses the reasons for the appointment of proprietary directors at the proposal of shareholders controlling less than 5% of the share capital, as well as the reasons for not having accommodated formal petitions, if any, for presence on the Board from shareholders whose equity stake is equal to or greater than that of others at whose proposal proprietary directors have been appointed.

See sections: B.1.3 and B.1.4

[x] Complies [ ] Complies in part [ ] Explain

15. Where female directors are few or non-existent, the Board explains the reasons for this situation and the measures taken to correct it; and in particular, the Nominating Committee takes steps to ensure that, when new vacancies are filled:

a) Recruitment processes do not have an implied bias that hinders the recruitment of female directors;

b) The Company deliberately seeks women with the target professional profile and includes them among the potential candidates.

See section: B.1.2., B.1.27 and B.2.3

[x] Complies [ ] Complies in part [ ] Explain [ ] Not applicable

16. The Chairman, being responsible for the effective running of the Board, ensures that directors receive adequate information in advance of Board meetings; promotes debate and the active involvement of directors during Board meetings; safeguards their rights to freely take a position and express their opinion; and, working with the chairmen of the appropriate committees, organizes and coordinates regular assessments of the Board and, where appropriate of the Chief Executive Officer.

See section: B.1.42

[x] Complies [ ] Complies in part [ ] Explain

17. Where the Chairman of the Board is also the chief executive officer, one of the independent directors is authorized to request the calling of a Board meeting or the inclusion of new items on the agenda; to coordinate and echo the concerns of non-executive directors; and to lead the Board's assessment of the Chairman.

See section: B.1.21

[x] Complies [ ] Complies in part [ ] Explain [ ] Not applicable

18. The Secretary of the Board takes particular care to ensure that the Board's actions:

a) Adhere to the letter and the spirit of laws and their implementing regulations, including those approved by the regulatory authorities;

b) Comply with the Articles of Association and the Regulations of the General Meeting of Shareholders, the Board of Directors´ Regulations and other regulations of the Company;

c) Are informed by those good governance recommendations included in this Unified Code as the Company has subscribed to.

And, in order to safeguard the independence, impartiality and professionalism of the Secretary, his/her appointment and removal are reported by the Nominating Committee and approved by the Board in plenary session; and that such appointment and removal procedures are set forth in the Board's Regulations.

See section: B.1.34

[x] Complies [ ] Complies in part [ ] Explain

19. The Board meets with the frequency required to perform its duties efficiently, in accordance with the calendar and agendas set at the beginning of the fiscal year, and that each Director is entitled to propose items of the agenda that were not originally included therein.

See sections: B.1.29

[x] Complies [ ] Complies in part [ ] Explain

20. Directors' absences are limited to unavoidable cases and quantified in the Annual Corporate Governance Report. And when there is no choice but to grant a proxy, it is granted with instructions.

See sections: B.1.28 and B.1.30

[x] Complies [ ] Complies in part [ ] Explain

21. Where directors or the Secretary express concerns about a proposal or, in the case of the directors, regarding the running of the Company, and such concerns have not been resolved at a Board meeting, such concerns are recorded in the minutes at the request of the person expressing them.

[ ] Complies [ ] Complies in part [ ] Explain [x] Not applicable

22.The Board in plenary session assesses the following on a yearly basis:

a) The quality and efficiency of the running of the Board;

b) On the basis of the report submitted by the Nomination and Remuneration Committee, the performance of their duties by the Chairman of the Board and by the chief executive officer;

c) The running of its Committees, on the basis of the report they submit;

See section: B.1.19

[x] Complies [ ] Complies in part [ ] Explain

23. All directors are able to exercise the right to request any additional information they require on matters within the Board's competence. Unless the Articles of Association or the Board provide otherwise, such requests are addressed to the Chairman or the Secretary of the Board.

See section: B.1.42

[x] Complies [ ] Explain

24. All directors are entitled to call on the Company for the advice they need to carry out their duties. The Company provides suitable channels for the exercise of this right, which, in special circumstances, may include external advice at the Company's expense.

See section: B.1.41

[x] Complies [ ] Explain

25. Companies organize induction programs for new Directors to rapidly and adequately acquaint them with the Company and its corporate governance rules. Directors are also offered refresher training programs when circumstances so advise.

[x] Complies [ ] Complies in part [ ] Explain

26. Companies require that directors devote sufficient time and effort to perform their duties efficiently, and, as such:

a) Directors inform the Nomination and Remuneration Committee of their other professional duties, in case they might detract from the necessary dedication;

b) Companies lay down rules about the number of boards on which their directors may sit.

See sections: B.1.8, B.1.9 and B.1.17

[x] Complies [ ] Complies in part [ ] Explain

27. The proposal for the appointment or re-election of directors that the Board submits to the shareholders at the General Meeting of Shareholders, as well as their interim appointment through the co-option system, are approved by the Board:

a) On the proposal of the Nomination and Remuneration Committee, as regards independent directors;

b) After report of the Nomination and Remuneration Committee, as regards the remaining directors.

See sections: B.1.2 and B.2.4

[x] Complies [ ] Complies in part [ ] Explain

28.Companies post the following information regarding directors on their websites, and keep such information updated:

a) Professional and biographical profile;

b) Other Boards of Directors of listed or unlisted companies on which they sit;

c) Indication of the director's category, stating, as regards proprietary directors, the shareholder they represent or to whom they are related.

d) Date of their first and subsequent appointments as a Company director; and

e) Shares held in the Company and options thereon held by them.

[x] Complies [ ] Complies in part [ ] Explain

Ver epígrafes: E.12

29.Independent directors do not hold office as such for a straight period of more than 12 years.

See sections: B.1.2

[ ] Complies [x] Explain

Having reviewed the personal and professional circumstances of the three independent directors concerned by the above referred time limit, the Board of Directors considered that the higher experience and knowledge of the company acquired by such three independent directors has contributed largely to their better discharge of their duties, without their independence being questioned for the mere lapse of time in their tenure.

30. Proprietary directors tender their resignation when the shareholder they represent sells its entire shareholding interest. The appropriate number of them does likewise when such shareholder reduces its interest to a level that requires the reduction of the number of its proprietary directors.

See sections: A.2, A.3 and B.1.2

[x] Complies [ ] Complies in part [ ] Explain

31. The Board of Directors does not propose the removal of any independent director prior to the expiration of the term, set in the Articles of Association, for which he/she was appointed, except where good cause is found by the Board upon a prior report of the Nomination and Remuneration Committee. In particular, good cause shall be deemed to exist whenever the director has failed to perform the duties inherent in his /her position or comes under any of the circumstances described in section III.5 (Definitions) of this Code.

The removal of independent directors may also be proposed as a result of Tender Offers, mergers or other similar corporate transactions that entail a change in the share capital structure of the Company, when such changes in the structure of the Board follow from the proportionality standard mentioned in Recommendation 12.

See section: B.1.2, B.1.5 and B.1.26

[ ] Complies [x] Explain

Section 24 of the Board of Directors´ Regulations requires a prior report of the Nomination and Remuneration Committee for the proposed early dismissal by any independent director before his/her tenure expires, but it has not been deemed necessary to include into these regulations the provision pursuant to which this proposal need not be submitted unless there is good cause. Anyway, no proposal for the early dismissal of any independent director has been submitted so far.

32.Companies establish rules obliging directors to report and, if appropriate, to resign in those instances as a result of which the credit and reputation of the Company might be damaged and, in particular, they require that such directors report to the Board any criminal charges brought against them, and the progress of any subsequent proceedings.

If a director is indicted or tried for any of the crimes described in Section 124 of the Spanish Corporation Act, the Board examines the matter as soon as practicable and, in view of the particular circumstances thereof, decides whether or not it is appropriate for the director to continue to hold office. And the Board provides a substantiated account thereof in the Annual Corporate Governance Report.

See sections: B.1.43 and B.1.44

[x] Complies [ ] Complies in part [ ] Explain

33.All directors clearly express their opposition when they feel that any proposed resolution submitted to the Board might be contrary to the best interests of the Company. And in particular, independent directors and the other directors not affected by the potential conflict of interest do likewise in the case of decisions that could be detrimental to the shareholders lacking Board representation.

Where the Board adopts material or reiterated resolutions about which a director has expressed serious reservations, such director draws the pertinent conclusion and if he/she chooses to resign, sets out the reasons in the letter referred to in the next Recommendation.

This Recommendation also applies to the Secretary of the Board, even if he/she is not a director.

[ ] Complies [ ] Complies in part [ ] Explain [x] Not applicable

34. Directors who give up their place before their tenure expires, through resignation or otherwise, explain the reasons in a letter sent to all members of the Board. Without prejudice to such withdrawal being communicated as a relevant fact, the reason for the withdrawal is explained in the Annual Corporate Governance Report.

See section: B.1.5

[x] Complies [ ] Complies in part [ ] Explain [ ] Not applicable

35. The compensation policy approved by the Board specifies at least the following points:

a) The amount of the fixed components, with a breakdown showing the fees, if any, for attending the meetings of the Board and its Committees and an estimate of the fixed annual fixed compensation they give rise to;

b) The items of the variable remuneration, including, in particular:

i) The types of directors to which they apply, as well as an explanation of the relative weight of variable to fixed compensation items.

ii) Performance evaluation criteria used to calculate entitlement to compensation in shares, share options or any other variable component;

iii) Main parameters and grounds for any system of annual bonuses or other non-cash benefits; and

iv) An estimate of the absolute amount of variable compensation arising from the proposed compensation plan, as a function of the degree of compliance with benchmark assumptions or targets.

c) The main characteristics of pension systems (for example, supplementary pensions, life insurance and similar systems), with an estimate of the amount thereof or the equivalent annual cost.

d) Terms and conditions that must be included in the contracts of executive directors performing senior management duties, which will include:

i) Term;

ii) Notice periods; and

iii) Any other provisions relating to hiring bonuses, as well as indemnity or golden parachute provisions in the event of early or other termination of the contractual relationship between the company and the executive director.

See section: B.1.15

[x] Complies [ ] Complies in part [ ] Explain

36. Remuneration paid by means of delivery of shares in the Company or companies that are members of the Group, share options or instruments indexed to the price of the shares, and variable compensation linked to the Company's performance or pension schemes is confined to executive directors.

This recommendation shall not apply to the delivery of shares when such delivery is subject to the condition that the directors hold the shares until they cease to hold office as directors.

See sections: A.3 and B.1.3

[x] Complies [ ] Explain

37. The remuneration of non-executive directors is such as is necessary to compensate them for the dedication, qualifications and responsibility required by their position, but is not so high as to jeopardize their independence.

[x] Complies [ ] Explain

38. The compensation linked to Company results takes into account any qualifications included in the external auditor's report that reduce such earnings.

[ ] Complies [ ] Explain [x] Not applicable

39. In the case of variable compensation, compensation policies include technical safeguards to ensure that such compensation reflects the professional performance of the beneficiaries thereof and not simply the general performance of the markets or of the industry in which the Company does business or circumstances of this kind.

[x] Complies [ ] Explain [ ] Not applicable

40. The Board submits a report on director compensation policy to the advisory say on pay vote of the shareholders at a General Shareholders' Meeting, as a separate item on the agenda This report is made available to the shareholders separately or in any other manner that the Company deems appropriate.

Such report shall focus especially on the compensation policy the Board has approved for the current year, as well as on the policy, if any, established for future years. It will address all the points referred to in Recommendation 35, except those potentially entailing the disclosure of commercially sensitive information. It will emphasize the most significant changes in such policies with respect to the policy applied during the fiscal year prior to that to which the General Shareholders' Meeting refers. It shall also include an outline of the manner in which the compensation policy was applied in such prior fiscal year.

Likewise, the Board shall report on the role played by the Nomination and Remuneration Committee in the preparation of the remuneration policy and, where external advice would have been provided, the Board shall report on the identity of the external consultants who provided it.

See section: B.1.16, B.2.4 and E

[x] Complies [ ] Explain [ ] Not applicable

41. The Annual Report lists the individual compensation of directors during the fiscal year, including:

a) A breakdown of the compensation of each director, to include where appropriate:

i) Attendance per diem or other fixed compensation received as a director;

ii) The additional compensation received as chairman or member of a Board committee;

iii) Any compensation received under profit-sharing or bonus schemes, and the reason for the accrual thereof;

iv) Contributions on the director's behalf to defined-contribution pension plans; or any increase in the director's vested rights, in the case of contributions to defined-benefit plans;

v) Any severance package agreed or paid;

vi) Any compensation received as a director of other companies in the group;

vii) Compensation for the performance of senior management duties by executive directors;

viii) Any item of compensation other than those listed above, of whatever nature and provenance within the group, especially when it is deemed to be a related-party transaction or when the omission thereof detracts from a true and fair view of the total compensation receive.

b) A breakdown of any delivery to directors of shares, share options or any other instrument indexed to the price of the shares, specifying:

i) Number of shares or options awarded during the year, and the terms and conditions for the exercise thereof;

ii) Number of options exercised during the year, specifying the number of shares involved and the exercise price;

iii) Number of options outstanding at the end of the year, specifying their price, date and other requirements for exercise;

iv) Any change during the year in the terms for the exercise of previously-awarded options.

c) Information on the relationship, in such past fiscal year, between the compensation received by executive directors and the profits or other measures of performance of the Company.

[x] Complies [ ] Complies in part [ ] Explain

42. Where there is an Executive Committee (hereinafter, the "Executive Committee"), the breakdown of its members by director category is similar to that of the Board, and its secretary is the Secretary of the Board.

See sections: B.2.1 and B.2.6

[x] Complies [ ] Complies in part [ ] Explain [ ] Not applicable

43. The Board is always kept informed of the matters dealt with and the resolutions adopted by the Executive Committee, and all members of the Board receive a copy of the minutes of the meetings of the Executive Committee.

[x] Complies [ ] Explain [ ] Not applicable

44. In addition to the Audit Committee mandatory under the Stock Exchange Act, the Board of Directors forms a single Nomination and Remuneration Committee as a separate committee of the Board, or a Nomination Committee and a Remuneration Committee.

The rules governing the make-up and operation of the Audit and Control Committee and the Nomination and Remuneration Committee or committees are set forth in the Board´s Regulations, and include the following:

a) The Board appoints the members of such Committees, taking into account the background, knowledge, qualifications and experience of the Directors and the responsibilities of each Committee, discusses its proposals and reports, and receives a report, at the first meeting of the full Board following the meetings of such committees, on their activities and the work.

b) These Committees are formed exclusively of non-executive directors and have a minimum of three members. The foregoing is without prejudice to the attendance of executive directors or senior managers, when expressly resolved by the members of the Committee.

c) The Chairmen of the Committee are independent directors.

d) They may receive external advice, whenever they feel this is necessary for the discharge of their duties.

e) Minutes are prepared of their meetings, and a copy sent to all Board members.

See Sections: B.2.1 and B.2 3

[x] Complies [ ] Complies in part [ ] Explain

45. Supervising compliance with internal codes of conduct and corporate governance rules is entrusted to the Audit and Control Committee, the Nomination and Remuneration Committee or, if they exist separately, to the Compliance or Corporate Governance Committee.

[x] Complies [ ] Explain

46.The members of the Audit and Control Committee and, particularly, the Chairman thereof, are appointed taking into account their background, knowledge and experience in accounting, auditing and risk management matters.

[x] Complies [ ] Explain

47.Listed companies have an internal audit function which, under the supervision of the Audit and Control Committee, ensures the smooth operation of the information and internal control systems.

[x] Complies [ ] Explain

48.The head of internal audit submits to the Audit and Control Committee his/her annual work plan; reports to it directly on any issues arising in the execution of such plan; and submits an activities report to it at the end of each fiscal year.

[x] Complies [ ] Complies in part [ ] Explain

49. Risk control and management policy specifies at least:

a) The different types of risk (operational, technological, financial, legal, reputational, etc.) the Company is exposed to, including contingent liabilities and other off-balance sheet risks among financial or economic risks.

b) The determination of the risk level the Company sees as acceptable;

c) Measures in place designed to mitigate the impact of the risks identified, should they materialize;

d) The internal reporting and control systems to be used to monitor and manage the above risks, including contingent liabilities and off-balance sheet risks.

See section: D

[x] Complies [ ] Complies in part [ ] Explain

50. It is incumbent on the Audit and Control Committee:

1st With respect to the internal control and reporting systems:

a) To monitor the preparation and the integrity of the financial information relating to the company and, if appropriate, to the group, checking compliance with legal requirements, the appropriate demarcation of the scope of consolidation, and the correct application of accounting standards.

b) To periodically review internal control and risk management systems so main risks are properly identified, managed and disclosed.

c) To ensure the independence and efficacy of the internal audit function; propose the selection, appointment, reappointment and removal of the head of the internal audit service; propose the department's budget; receive regular reports on its activities; and verify that senior management takes into account the findings and recommendations of its reports.

d) To establish and supervise a mechanism whereby staff can report, confidentially and, if appropriate, anonymously, potentially significant irregularities within the company that they detect, in particular financial or accounting irregularities.

2nd With respect to the external auditor:

a) To make recommendations to the Board for the selection, appointment, reappointment and replacement of the external auditor, and the terms of its engagement.

b) To receive regular information from the external auditor on the audit plan and the results of the implementation thereof, and check that senior management takes its recommendations into account.

c) To monitor the independence of the external auditor, to which end:

i) The company reports a change of auditor to the CNMV as a relevant fact, accompanied by a statement of any disagreements with the outgoing auditor and the reasons for the same.

ii) The Committee ensures that the company and the auditor adhere to current regulations on the provision of non-audit services, the limits on the concentration of the auditor's business and, in general, all other regulations established to safeguard the independence of the auditors;

iii) In the event of resignation of the external auditor, the Committee investigates the circumstances that may have given rise thereto.

d) In the case of groups, the Committee favours the auditor of the Group assuming responsibility for the audits of the companies that form part thereof.

See sections: B.1.35, B.2.2, B.2.3 and D.3

[x] Complies [ ] Complies in part [ ] Explain

51. The Audit and Control Committee may cause any employee or officer of the company to appear before it, and even order their appearance without the presence of any other manager.

[x] Complies [ ] Explain

52. The Audit and Control Committee reports to the Board, prior to the passing thereby of the relevant resolutions, on the following matters specified in Recommendation 8:

a) The financial information that the Company must periodically make public due to its status as a listed company. The Committee should ensure that interim financial statements are prepared under the same accounting standards as the annual financial statements and, to this end, consider whether a limited review by the external auditor is appropriate.

b) The creation or acquisition of interests in special-purpose entities or entities registered in countries or territories considered tax havens, and any other transactions or operations of a comparable nature whose complexity might impair the transparency of the Group.

c) Related-party transactions, unless such prior reporting duty has been assigned to another supervision and control committee.

See sections: B.2.2and B.2.3

[x] Complies [ ] Complies in part [ ] Explain

53. The Board of Directors endeavours to present the annual accounts to the shareholders at the Annual General S Meeting without reservations or qualifications in the auditor's report and, in the exceptional instances where they do exist, both the Chairman of the Audit and Control Committee and the auditors give a clear account to the shareholders of the content and scope of such reservations or qualifications.

See section: B.1.38

[x] Complies [ ] Complies in part [ ] Explain

54. The majority of the members of the Nomination Committee –or of the Nomination and Remuneration Committee, if one and the same– are independent directors.

See sections: B.2.1

[x] Complies [ ] Explain [ ] Not applicable

55. The Nomination and Remuneration Committee has the following duties, in addition to those stated in the earlier Recommendations:

a) To assess the qualifications, background knowledge and duties and qualifications required of the candidates to fill each vacancy, and decide the time and dedication necessary for them to properly perform their duties.

b) To examine or organize, in the manner it deems appropriate, the succession of the Chairman and the chief executive and, if appropriate, make proposals to the Board for such succession to take place in an orderly and well-planned manner.

c) To report on senior manager appointments and removals that the chief executive proposes to the Board.

d) To report to the Board on the gender diversity issues discussed in Recommendation 14 of this Code.

See sections: B.2.3

[x] Complies [ ] Complies in part [ ] Explain [ ] Not applicable

56. The Nomination and Remuneration Committee consults with the Company's Chairman and chief executive, especially on matters relating to executive directors.

And that any board member may request that the Nomination and Remuneration Committee consider possible candidates to fill vacancies for the position of director, if it finds them suitably qualified.

[x] Complies [ ] Complies in part [ ] Explain [ ] Not applicable

57. The Nomination and Remuneration Committee is responsible for the following duties, in addition to those set forth in the earlier recommendations:

a) To propose to the Board of Directors:

i) The compensation policy for directors and senior managers;

ii) The individual compensation of executive directors and other terms of their contracts.

iii) The basic terms and conditions of the contracts with senior managers.

b) To ensure compliance with the compensation policy set by the Company.

See sections: B.1.14 and B.2.3

[x] Complies [ ] Complies in part [ ] Explain [ ] Not applicable

58. The Nomination and Remuneration Committee consults with the Chairman and chief executive of the Company, especially on matters relating to executive directors and senior managers.

[x] Complies [ ] Explain [ ] Not applicable

G. Other information of interest

All the principles or relevant aspects relating to corporate governance practices applied by Inditex have been covered in this Report.

For the purposes of achieving maximum transparency regarding remuneration of the Board of Directors, below is a chart with the individual breakdown of such remuneration per director.

The Company is not subject to any legislation other than the Spanish legislation in corporate governance matters.

Pursuant to the provisions of the Code on Best Tax Practices, to which the company adhered to during FY2010 further to a resolution passed by the Board of Directors on 21 September, the enforcement and effectiveness thereof during FY2012 is hereby noted.

None independent directors has or has had any relationship with the Company, its significant shareholders or its managers which, had it been sufficiently significant or important, would have resulted in the director not qualifying for consideration as independent pursuant to the definition set forth in sub-section 5 of the Unified Good Governance Code.

This annual corporate governance report was approved by the Board of Directors of the Company at its meeting of 12 March 2013.

None of the Directors has voted against or abstained in connection with the approval of this Report.

Annex 1

Additional information to the current Model of Annual Corporate Governance Report pursuant to Sec. 61 *bis* of Act 24/1988 of 28July, on the Stock Exchange *(LMV, Spanish acronym)* (as amended by the Fifth Final Provision of Act 2/2011 of 4 March on Sustainable Economy).

1.- Securities not traded on the Community Stock Exchange. Classes of shares and the rights and obligations inherent in each class of shares. Stake in the share capital represented by the treasury stock of the Company and its significant variations (sec. 61 *bis* 4.a, 3rd LMV).

The Company does not have any securities not traded in any EU-regulated market.

With regard to the treasury stock of the company and its significant variation, see section A.8.

2.- Rules and regulations applicable to the modification of the Articles of Association of the Company (sec. 61 *bis* 4.a, 4th LMV).

Pursuant to sections 285 et seq. of the Act on Capital Companies, approved by *Real Decreto Legislativo* 1/2010 of 2 July (hereinafter, the "Act on Capital Companies"), it is incumbent on the Annual General Meeting of Shareholders to resolve about any amendment to the Articles of Association.

Standards applicable to the amendments to the company's by-laws are provided in the Articles of Association and the Regulations of the General Meeting of Shareholders. Section 21 of the Articles of Association and section 15 of the Regulations of the General Meeting of Shareholders provide a special quorum in order to call the AGM which is bound to discuss about any amendment to the by-laws.

"The General Meeting shall be validly held on first call whenever the shareholders present or represented hold, at least, fifty per cent (50%) of the subscribed voting stock. Generally, the General Meeting shall be validly held on second call, regardless of the capital attending the same. However, if the Meeting is called to discuss about the increase or reduction of capital, the issuance of bonds, the exclusion or restriction of the pre-emptive right, the reorganization of the Company, the merger originated by the creation of a new company or by means of the takeover of the Company by another entity, the total or partial split-

off, the global allotment of the Company´s assets and liabilities, the transfer of the registered address abroad, the replacement of the corporate purpose, as well as any other amendment to the Articles of Association, the attendance of twenty five (25) percent of the subscribed voting stock shall be necessary on second call."

Section 6.d) of the Regulations of the General Meeting of Shareholders expressly assigns to the AGM the power to approve any amendment to the Articles of Association.

"In accordance with the provisions of the Articles of Association, the General Meeting is authorized to pass all kinds of resolutions concerning the Company, namely, and subject to any other powers vested by the applicable regulations, it is granted with the following exclusive powers:

(a) To resolve on the individual annual accounts of the Company and, where appropriate, on the consolidated accounts of the Company and its Group, as well as on the distribution of the income or loss.

(b) To appoint and remove directors, and to confirm or revoke any provisional appointments of said directors made by the Board, and to review their management

(c) To appoint and remove the auditors.

(d) To resolve the issuance of bonds, the increase or reduction of capital, the exclusion or restriction of pre-emption rights, transformation, merger, split-off or dissolution of the Company, the global allotment of assets and liabilities, the approval of the final liquidation balance sheet, the transfer of the registered office abroad and, in general, any amendment to the Company's Articles of Association.

(e) To authorize the Board of Directors to increase the Company's capital, or to proceed to the issuance of bonds and other fixed yield securities.

(f) To approve the adoption of remuneration systems consisting of the granting either of shares or stock options, as well as any other remuneration system linked to the value of the shares, for the benefit of directors, and to conduct an advisory say on pay vote on the annual report on directors´ compensation.

(g) To pass these Regulations and any subsequent amendment thereof.

(h) To resolve on the matters submitted to it by a resolution of the Board of Directors.

(i) To grant the Board of Directors the powers it may deem fit to deal with unforeseen issues

(j) To approve those transactions which might entail an effective amendment of the corporate purpose and those whose effect may be equivalent to the liquidation of the Company."

3.- Restrictions whatsoever on the transferability of securities and any restrictions on the voting rights. (sec. 61 *bis* 4.b LMV).

As provided under section A.10 of the Annual Corporate Governance Report, all shares in the company carry the same voting and financial rights, and there are no legal or by-law restrictions on the acquisition or transfer of shares.

With regard to the exercise of voting rights, the only restriction is that addressed under section 83 of the Act on Capital Companies whereby any shareholder incurring in default regarding any capital calls may not exercise their voting rights.

4.- Powers of the members of the Board of Directors. Possibility of issuing or repurchasing shares. (sec. 61 *bis* 4.c, 3rd LMV).

The Board of Directors is entrusted with the direction, administration, management and representation of the company with full powers, subject to any duties which under statute or the provisions of the Articles of Association, are reserved to the General Meeting of Shareholders.

Two members of the Board, the Chairman and C.E.O., Mr Pablo Isla Álvarez de Tejera, and the proprietary director and founder of the Company, Mr Amancio Ortega Gaona, have been delegated each and every one of the powers contained in the list included further below, and these must be exercised in the following manner and conditions: all of them individually, without distinction, with the exception of those that: a) involve the disposal of funds in excess of a certain amount, in which case it shall be necessary that the aforementioned Chairman and C.E.O. should act jointly with another person who in virtue of any legal title is also empowered with the power in question; or/and b) involve the alienation or encumbrance of real property of the company, for which a prior resolution of the Board of Directors or the Executive Committee, shall be required.

The requirement of joint action provided in the preceding paragraph shall not apply when it involves transactions, actions or contracts that, regardless of the amount involved, are carried out or awarded between companies belonging to the Inditex group of companies, understanding as such those companies, whether Spanish or foreign, in which INDITEX, whether directly or indirectly through other investee companies, is the holder of at least 50% of its share capital, in which case any of the authorized individuals may act severally on their own, in the name and on behalf of the company, independently of the amount involved in the matter in question.

Such powers are listed below:

1.- To appear and represent the Company vis-à-vis all manner of authorities, agencies, centres, departments and offices of the General State Administration, Central or Peripheral Government, autonomous communities, provinces, municipalities, the Corporate, Independent and European Administration, public registries of all types and, in general, any public or private entity or person whatsoever. To sign and file all manner of applications, petitions, unsworn statements or affidavits, pleadings and documents; make and pursue all types of claims; and, in general, exercise such powers as may be required for the management and defence of the rights of the Company.

2.- To sign, send and receive and collect from the Spanish postal and telegraphic authorities or offices ordinary or registered postal or telegraphic correspondence, declared value items and postal and telegraphic money orders. To file any claims before said authorities or offices and, where appropriate, collect the related indemnity payments.

3.- To verify consignments of all kinds of merchandise and goods by land, sea or air, and to receive those addressed to the Company. To file the relevant claims against railroad and shipping companies and against carriers in general for breakdowns, delays, losses or any other breach of the transportation agreement, and to collect the indemnity agreed with the same or set by the courts. To sign agreements and arrangements of all types with carriers, travel agencies, hotels, restaurants and other persons or entities who intervene in the transport of individuals or in the sphere of the hotel and catering industry.

4.- To claim and collect amounts owing to the Company for whatever reasons and to sign the appropriate receipts. To make payments. To render and require the rendering of accounts, and to challenge or approve the same. To provide, cancel and recover all manner of bonds and deposits, including those at/of the Spanish General Savings Deposit and its branches.

5.- To enter into all manner of loan and credit agreements. To open current, loan, savings or any other account with credit institutions and/or finance companies, both public and private; with respect to all such accounts and any other account existing in the Company's name, to deposit or pay in cash sums, withdraw amounts or dispose of same by means of receipts, cheques and drafts, pay by transfer or order transfers, endorse or send for debiting bills of exchange, trade bills and credit notes, as well as bills or invoices payable by the Company; and to approve or challenge the balances shown in such accounts; to stand guarantee for other companies belong to the "INDITEX" group of companies and, in consequence, to sign in favour of those guarantees, bonds and other guarantee documents, as well as guarantee policies and counter-guarantee policies and, in general, to carry out all that is permitted under the legislation and banking practices.

6.- To draw, endorse, assign or transfer by any means other than endorsement, to accept, sign, require conformity, guarantee, cause the assignment of the provision for, collect, discount and pay bills of exchange, promissory notes, cheques, money orders and other commercial drafts, participate in the acceptance or payment of the same, protest such bills or drafts or make the equivalent declaration, and disclose in the protest document the reasons for not having accepted or paid the bills and drafts charged to the Company. To act as a plaintiff or defendant in connection with bills of exchange in all manner of legal matters, acts or dealings and pre-trial and procedural steps or actions due to non-acceptance or non-payment, and to bring any of the other actions provided for in the Bills of Exchange and Cheques Act or any other applicable legislation.

7.- To execute, with the aforementioned limitation in relation to real property, all manner of acts and contracts relating to movables and real property, rights, securities, participation units, shares, interests, at such prices, for such considerations, under such terms, in such periods and under such provisions, clauses and terms as are deemed appropriate. Specifically, to acquire, assign, grant and dispose of or transfer for whatever title, including that of a court-ordered sale in lieu of payment, all manner of movable or real property, rights, trademarks and other distinctive signs and industrial property rights, securities, participation units, shares and interests; take out all manner of compulsory and voluntary insurance; execution of works, services and supplies of all kinds; to rent and let, take in leasing or sublet; to create, amend, acknowledge and extinguish real property rights; including chattel mortgages and pledges without transfer of possession and all manner of encumbrances on real and movable property and rights owned by the Company; carry out groupings of, additions of, divisions of and severances of title to properties, make declarations of new construction work and divisions of real property under the condominium ownership system, establishing the bylaws which shall govern the same; and to conduct and participate in measurements, surveys and boundary marking, approving the same and executing any certificates that may be issued. Regarding all the above acts and contracts, they may act with the broadest powers in the execution and performance thereof, requiring, where appropriate, whatever is necessary for such purpose, as well as to amend, novate, cancel or terminate the same.

8.- To grant all manner of acts and contracts relating to IT, management, security and communication products, equipment and systems, as well as those

referring to intellectual property arising out of or related with the same and, in general, any others referring to all manner of movables; to contract the execution of works, services and supplies of all types, at such prices, for such considerations, under such terms, in such periods and under such provisions, clauses and conditions as are deemed appropriate. Specifically, to acquire, assign, grant, encumber and dispose of or transfer for whatever title, including that of a court-ordered sale in lieu of payment, the aforementioned goods; to rent and let them, take them in leasing or subletting them; to create, amend, acknowledge and extinguish real property rights and guarantee rights on the movables belonging to the Company. Regarding all the above acts and contracts, they may act with the broadest powers in the execution and performance thereof, requiring, where appropriate, whatever is necessary for such purpose, as well as to amend, novate, cancel, terminate or discharge them.

9.- To enter all manner of agreements for business collaboration, such as franchise contracts, joint-venture contracts, accounts in participation, commercial distribution, licence and agency contracts and, in general, all those that the national and international expansion of the company can require.

10.- To appear in deeds of incorporation, alteration, merger or winding-up of all kinds of entities and companies, and attend, on behalf of the Company, assemblies, meetings or ordinary and extraordinary meetings of shareholders, intervening therein and casting their vote in the manner that they deem appropriate whatever the matter that is being debated and on which resolutions are passed, accepting positions and appointments and, in general, exercising in the name of the company any rights that may correspond to it.

11.- To attend, in the name and on behalf of the company, meetings, general meetings and assemblies of condominiums or co-owners, intervening therein and casting their vote in the way that they deem appropriate, whatever the matter that is being debated and on which resolutions are passed, accepting positions and appointments and, in general, exercising in the name of the company any rights that may correspond to it in Condominium Owner Communities, as well as in the meeting they these may hold in compliance with the current Condominium Property Law and other applicable legislation.

12.- To attend on behalf of the Company all kinds of auctions and bidding called by Central Government, autonomous communities and provincial and municipal authorities and private or public persons and entities and, to this effect, submit tender conditions, declarations, plans and estimates, make bids and provide bonds; holding, in short and without any limitation whatsoever, such powers as may be required to obtain and accept, provisionally or definitively, with such qualifications as are deemed appropriate, the relevant award and to exercise the rights and perform the obligations arising therefrom.

13.- To set up the offices, workplaces and buildings of the Company and to organize the services provided therein. To hire staff, establishing recruitment and joining terms; to freely appoint and remove the same, including executives and skilled employees; to establish their rights, duties, powers and functions, salary, bonuses and indemnity payments; to agree upon promotions and transfers; and to exercise penalization and disciplinary powers, as well as to act on behalf of the Company before the employees' collective representation bodies and to represent it in the negotiation of agreements or pacts whatever their scope or nature.

14.- To represent the company before any manner of authorities and administrative bodies, whatever they may be, that have authority in labour and Social Security matters, bringing proceedings and claims, requesting or not the suspension of the actions being the subject of the claim, to appear and act in matters pending in which their principal has a direct or indirect interest, in all manner of cases and proceedings, proposing and examining all types of evidence; to request and obtain documents, copies, certificates and transfers; to file, prepare and draft all manner of pleadings, applications, petitions, allegations and claims; and, in general, to carry out all those acts that are necessary in the labour life of the company, to file its registration as a company before the labour authorities and the Social Security, those necessary for and arising out of the hiring of all manner of workers, including applying for and receiving payment of subsidies and allowances, the registration of workers [with the relevant authorities], etc., as well as those actions that are necessary for or are motivated by the amendment or termination of that labour relationship; those that are necessary for or arise out of the training that has to be given to the personnel of the company; statements and payments of Social Security contributions, requests for postponement and refunds, all that are necessary in the relations of the company with the employment and job-search offices; and, in general, to following the procedures through all its stages and motions, bringing the appropriate actions before the courts or not, until such time as firm decisions are obtained and fully enforced.

15.- To represent the company before all manner of authorities and administrative bodies, whatever these may be, that have authority in respect of Health and Safety at Work and Labour Risks, bringing proceedings and filing claims and, in general, carrying out all those actions that may be desirable for the principal company in those cases in which it, directly or indirectly, may

have an interest. To carry out all that may be necessary to promote and maintain the safety of the workers in the workplaces, complying with the legislation on the prevention of Labour Risks and other complementary regulatory schemes; to plan and executive the policy for the prevention of risks; to act in the name of the company before the workers and their representative bodies and participating bodies as regards prevention; to draw up and introduce an occupational hazard plan; to organise the prevention service, providing it with the material and human resources that are necessary for it to develop its activity; to contract and to sign arrangements with authorised entities for the provision or acting as external prevention services; to carry out, organise and arrange the carrying out of assessments of risks, medical check-ups and other health check measures and prevention systems; to contract the performance of external labour risk prevention audits and, in general, all those acts that are related to such risks. To proceed to insure common and occupational risks of the workers, signing agreements and association documents with of the Social Security Agencies and Mutual Insurance Companies for Work Accidents and Industrial Diseases of the Social Security, or entities that should replace them in such functions and tasks, reporting or putting an end to, at the appropriate time, those that may have been signed; to accept positions and participate in those governing boards and advisory boards of such entities collaborating in the management of Social Security.

16.- As regards procedural rules, to exercise all those actions that are available to the principal and to waive those brought. To appear before the ordinary and special Courts of Law and Tribunals of all levels and jurisdictions, in all manner of trials, as well as in any kind of voluntary jurisdiction cases, administrative and economic-administrative cases. Consequently, to enter into conciliation agreements, with or without composition settlements, to mediate in pre-court proceedings, to file relevant claims and to answers summons and notifications, to sue, contest or accept, and report or lodge complaints; to file statements and ratify them, request and obtain documents; to request the practice of any proceedings whatsoever including: indictments, imprisonment and releases from prison; to hear notifications, notices, citations and summons, to assert and challenge jurisdictions; to apply for joinder of claims; challenge judges, magistrates and court officials; to propose and examine evidence and submit depositions; to attend court appearances, hearings and meetings and speak and vote, including Meetings of Creditors in all manner of collective execution proceedings, and may take part in auctions and request the adjudication of goods in partial or total payment of the debt being claimed; to reach a composition in court and outside court, to file and pursue, to the end, the litigation or case through its particular proceedings, possible incidents and appropriate appeals, until such time as firm resolutions, decisions or judgments are obtained and enforced; to take responsibility for the money or goods that are subject to the procedure being followed and, in general, exercising in the name of the company any rights that it may be entitled to.

17.- To compromise and refer to arbitrators all matters in respect of which they are empowered, either in any of the types of arbitration proceedings with the scope and under the requirements provided for in Spanish legislation on arbitration, or those types of arbitration proceedings characteristic of international commercial arbitration.

18.- To request that a Notary Public enter into record the minutes, and to serve and receive notices and notarial demands.

19.- To replace some or all of the foregoing powers by granting the relevant powers of attorney and to revoke all the powers granted, and to get copies of all kinds of records and deeds.

20.- To execute in public deeds the resolutions passed by the Shareholders in General Meeting, the Board of Directors and the Executive Committee.

With regard to the possibility of issuing or repurchasing shares, as at the date of this report, the authorization granted by the AGM held on 17 July 2012 remains in force, whereby the Board of Directors was authorized for the derivative acquisitions of treasury shares by the company or any of its controlled companies, always within the scope of the prevailing regulations in force.

5.- Agreements undersigned by the Company becoming valid, whether modified or terminated if the control of the Company changes through a hostile takeover bid.

INDITEX has not entered into any significant agreement that would become valid, be amended or terminated if the control of the company changes through a hostile takeover bid.

6.- Agreements signed between the Company and its officers and managers or employees with compensation rights in the event of resignation or unlawful dismissal or if work relationship is abruptly halted as a result of a hostile takeover bid (sec.61 *bis* 4.c, 5th LMV).

Except for the provisions of section B.1.13 of the Annual Corporate Governance Report, no specific

compensation rights are provided in the employment agreements entered into with the employees of INDITEX on account of the expiry of the work relationship; therefore employees shall be entitled to the relevant compensation, applicable as the case may be, under the prevailing labour regulations.

With regard to the agreements addressed in section B.1.13, it was resolved by the Board of Directors after favourable report of the Nomination and Remuneration Committee, to acknowledge and to consent to employment agreements which included severance or golden parachute clauses entered into with some senior managers, including the Chairman and C.E.O.

Such agreements provided that in case of termination of the relationship on account, *inter alia*, of wrongful dismissal or resignation on certain grounds (among which a change in the control of the company is to be found, provided that, at the same time a significant renovation of the composition of the governing bodies takes place or a change regarding the contents and purpose of its main object) such officer shall be entitled to compensation in an amount in most cases equal to two years of his/her aggregate remuneration, on the basis of the pay of the last year of work.

7.- Main features of the internal control systems over financial reporting and risks (sec. 61 *bis* 4.h, LMV).

In previous years, the INDITEX Group (hereinafter, the Group) commenced a procedure to adjust its internal control on financial information organization to the requirements laid down in Act 2/2011 of 4 March on Sustainable Economy, and namely to the set of recommendations drafted by the Working Group on Internal control on financial information (hereinafter, GTCI, *Spanish acronym*) set up at the behest of *CNMV*.

Further to the guidelines of the above mentioned GTCI in the document "Internal control on financial information of listed companies", the Group describes once again this year, the main features of its internal control system on financial information (hereinafter, SCIIF, Spanish acronym) based upon basic indicators provided in the above referred document, addressing the following issues:

- Control environment
- Assessment of risks in respect of financial information
- Control activities
- Information and reporting
- System Operation Supervision

7.1. Control environment

Specific mechanisms put in place by the different companies belonging to the Group to keep an internal control environment that help create full, reliable and appropriate financial information, thus preventing the potential existence of irregularities and the channels to detect and cure them.

7.1.1. Bodies and/or functions responsible for: (i) the existence and regular updating of a suitable, effective SCIIF; (ii) its implementation; and (iii) its monitoring

- Board of Directors.

  Apart for the matters reserved for the competence of the General Meeting, the Board of Directors is the highest decision-making, supervisory and controlling body of the Group, including being ultimately responsible for the existence and update of an appropriate and effective SCIIF.

  The Board of Directors is entrusted with the direction, administration, management and representation of the Group, delegating in general the management of the day-to-day business of INDITEX to the executive bodies and to the management team and concentrating its efforts on the general supervisory function, which includes directing the policy of the Group, monitoring the management activity, assessing the management by the senior management, taking the most relevant decisions for the company and acting as a link with the shareholders.

  Pursuant to the provisions of the Articles of Association of INDITEX, the Board of Directors has delegated to the Audit and Control Committee the function of monitoring the preparation and submission of the regulated financial information, and of controlling the effectiveness of the SCIIF.

- Audit and Control Committee.

  Among the financial and control duties incumbent on the Audit and Control Committee, it is charged with overseeing the process of preparation and release of the financial information and the effectiveness of the internal control systems of the Group. With this respect, the Committee discharges, inter alia, the following functions:

  - To oversee the effectiveness of internal control of the Group, the internal audit, and ERM system.
  - To oversee the process of preparation and release of the regulated financial information and the effectiveness of the internal control systems of the Company, and (in particular SCIIF) by checking the suitability and integrity of the same and by discussing with the external auditors of the Company the significant weaknesses of the

internal control system revealed in the course of the audit.

- To periodically review the risk control and management policy and the management systems, which shall at least contain the different types of risks, the fixing of the risk level which is considered acceptable, the measures foreseen to mitigate the impact of the identified risks, and the systems of information and financial control.
- To review the Company' s annual accounts and the periodic financial information that the Board must provide to the markets and the supervisory bodies, overseeing compliance with the legal requirements and with the correct application of generally accepted accounting principles.
- To inform the Board of Directors about any significant change in the accounting criteria and about risks arising from the balance sheet or from any other source.

Most members of the Audit and Control Committee are independent directors, according to the definition provided in sec. 7 of the Board of Directors' Regulations. The Committee meets on a quarterly basis as well as any time it is called by its Chairman.

- Financial Division.

  The *Dirección General de Finanzas* (Financial Division) (hereinafter, DGF *Spanish acronym*) is responsible for the design, implementation and update of an appropriate SCIIF, as provided in the *"Procedure for Enterprise Risk Management in respect of financial information"*. With this respect, it sets out and circulates the policies, guidelines and procedures associated to financial information creation and is charged with ensuring the appropriate enforcement thereof within the Group.

- Internal Audit.

  Internal Audit is overseen by the Audit and Control Committee to which it reports. It is charged, *inter alia*, with supporting the Audit and Control Committee in overseeing the internal control of financial information systems, by performing specific audits about SCIIF, requesting action plans to correct or reduce any weaknesses revealed and by following-up the implementation of the proposed recommendations.

7.1.2. Departments and/or mechanisms in charge of: (i) the design and review of the organizational structure; (ii) defining clear lines of responsibility and authority, with an appropriate distribution of tasks and functions; and (iii) deploying sufficient procedures for the effective circulation within the Company

The Board of Directors is responsible for designing and reviewing the organizational structure within the Group.

The Nomination and Remuneration Committee is charged with providing and reviewing the criteria to be followed in the recruitment of senior managers. Such body is composed of a majority of independent directors, according to the definition set out in sec. 7 of the Board of Directors´ Regulations.

It is incumbent on such Committee, *inter alia*, to report any appointment and/or resignation of senior managers of the Group proposed to the Board of Directors by the chief executive pursuant to the provisions of section 15.2.(e) of the Board of Directors' Regulations.

Senior managers and the Human Resources Division (hereinafter DRRHH, Spanish acronym) are charged with describing duties and responsibilities of each area. Additionally, the Compensation Department, reporting to the DRRHH regularly assesses the classification, description and duties of each position. Such functions are disclosed to each of the affected areas.

For the purposes of preparing financial information, the Group has clearly defined authority and responsibility lines. The main responsibility in preparing financial information falls with the DGF.

The DGF is responsible for the existence and appropriate dissemination within the Group, of the internal control policies and procedures required to ensure the reliable drafting of the financial information. The structure, size and definition of the functions and duties of each position within the financial area are defined by the DGF, together with the DRRHH.

To carry out its activity, the DGF is organized in the following departments:

- Administration Department.
- Planning and Management Control Department.
- Financial Management Department.
- Enterprise Risks Management Department.
- Tax Department.

Likewise, the Group relies on financial organization structures to meet local requirements in each country where it operates, headed by a Chief Financial Officer who is charged, among other things with the following:

- Designing and setting local organizational structures fit for the performance of the financial tasks allocated;
- Integrating into the local management the corporate financial policies defined by the Group;
- Adapting corporate accounting and management systems to local requirements;
- Enforcing the procedures which are part of the SCIIF of the Group;

Additionally, the IT Division manages all systems of the Group and is the main responsible for setting up internal control on financial information policies and procedures, including those supporting financial processes, and which are involved in the drafting of the financial information.

7.1.3. Existence of a code of conduct, approving body, degree of dissemination and instruction, principles and values covered, body in charge of investigating breaches and proposing corrective or disciplinary action

The Board of Directors held on 17 July 2012 approved, after favorable report of the Audit and Control Committee, the Code of Conduct and Responsible Practices of the Inditex Group's (which replaces both the Internal Guidelines for Responsible Practices of the Inditex Group's Personnel and the Code of Conduct) and the Code of Conduct for Manufacturers and Suppliers (which replaces the Code of Conduct for External Manufacturers and Workshops).

Therefore, as of 17 July 2012, the Group's conduct policies are covered in the following codes:

- The Code of Conduct and Responsible Practices.
- The Code of Conduct for Manufacturers and Suppliers.
- The Internal Regulations of Conduct regarding Transactions in Securities

– The Code of Conduct and Responsible Practices.

The Code of Conduct and Responsible Practices provides the action lines which must be followed by the Group in the performance of its professional duties.

Its goal consists of exacting an ethical and responsible professional conduct from Inditex and its entire workforce in the conduct of their business anywhere in the world, as a gist of its corporate culture upon which the training and the personal and professional career of its employees is based. For such purposes, the principles and values which shall govern the relationship between Inditex and its stakeholders (employees, customers, shareholders, business partners, suppliers and the societies where its business model is implemented) are defined.

The Code of Conduct and Responsible Practices is based upon a number of general principles, *inter alia*, that according to which the operations of the Inditex Group shall be developed under an ethical and responsible perspective; all persons, whether natural or legal, who maintain, directly or indirectly, any kind of professional, economic, social or industrial relationships with Inditex shall be treated in a fair and honourable manner and that according to which, all the activities of Inditex shall be carried out in the manner that most respects the environment, promoting biodiversity preservation and sustainable management of natural resources.

One of the standards covered under the Code of Conduct and Responsible Practices is the obligation to record transactions, according to which:

"Any and all transactions carried out by Inditex which may have an economic impact shall be clearly and accurately shown on the appropriate records of accounts, as a true representation of the transactions carried out, and they shall be made available to the internal and external auditors.

Inditex's employees shall enter the financial information on the company's systems in a full, clear and accurate manner, so that they would show, as at the relevant date, their rights and obligations in accordance with the applicable regulations. Additionally, the accuracy and integrity of the financial information which, under the prevailing regulations in force shall be disclosed to the market shall be ensured.

Inditex undertakes to implement and maintain an appropriate internal control system on financial reporting, ensuring the regular supervision of the effectiveness of such system. Accounting records shall be at all times made available to the internal and external auditors. For such purposes, Inditex undertakes to provide its employees with the necessary training for them to understand and comply with the commitments undertaken by the company regarding the internal control on financial information."

In order to ensure compliance with the Code of Conduct and Responsible Practices, there is a Committee of Ethics, composed of:

- The General Counsel and Code Compliance Officer.
- The Internal Audit Director.
- The Corporate Social Responsibility Director.
- The Human Resources Director.

The Committee of Ethics may act of its own motion or at the behest of any employee of Inditex, of any external manufacturer, workshop or their subcontractors or of any third party with sufficient interest, further to a report made in good faith.

The Committee of Ethics reports to the Board of Directors through the Audit and Control Committee and has the following duties:

- To supervise compliance with the Code and the internal circulation thereof to Inditex's personnel.

- To receive any manner of written instruments with regard to the enforcement of this code and to send them, where appropriate, to the relevant body or Department which may be responsible for dealing with and settling such instrument.
- To monitor and supervise the management and settlement of any file.
- To solve any questions which may arise, regarding the enforcement of the Code.
- To propose to the Board of Directors, after report from the Audit and Control Committee, any explanation or implementation rule which the enforcement of the Code may require, and at least, an annual report to review its enforcement.
- To supervise the Whistle Blowing Channel and compliance with the Procedure.

In the performance of its duties, the Committee of Ethics shall ensure:

- The confidentiality of all the information and background and of the acts and deeds performed, unless the disclosure of information is required by law or judicial order.
- The thorough review of any information or document that originated its action.
- The commencement of such proceedings that adjust to the circumstances, where it shall always act with independence and full respect of the right of the affected person to be heard as well as of the presumption of innocence.
- The indemnity of any employee as a result of bringing complaints in good faith to the Committee.

Decisions of the Committee of Ethics shall be binding for the INDITEX Group and for employees.

The Committee of Ethics submits a report at least once a year, to the Board of Directors, reviewing its proceedings and the enforcement of the Code of Conduct and Responsible Practices.

Additionally, the Audit and Control Committee reports to the Board of Directors, on an annual basis as well as whenever this latter so requires, on the enforcement of the Code of Conduct and Responsible Practices and of the additional documents which comprise the regulatory compliance policy of the group from time to time in force.

- The Code of Conduct for Manufacturers and Suppliers.

The Code of Conduct for Manufacturers and Suppliers defines minimum standards of ethical and responsible behaviour which must be met by the manufacturers and suppliers of the products commercialized by INDITEX in the course of its business, in line with the corporate culture of INDITEX Group, firmly based on the respect for human and labour rights.

The Code, which shall be applied to all manufacturers and suppliers that take part in the purchasing, manufacturing and finishing processes, fosters general principles that define INDITEX's ethical behavior, i.e.: all INDITEX's operations are developed under an ethical and responsible perspective; all persons, individuals or entities, who maintain, directly or indirectly, any kind of employment, economic, social and/or industrial relationship with Inditex, are treated fairly and with dignity; all INDITEX's activities are carried out in a manner that most respects the environment; all manufacturers and suppliers (production centers that are not property of Inditex) fully adhere to these commitments and undertake to ensure that the standards which are set forth in the Code are met.

Manufacturers of products commercialized by Inditex are bound to enforce this Code of Conduct for Manufacturers and Suppliers and the Code of Conduct and Responsible Practices, where applicable to them. Likewise, the remaining suppliers of goods and services of the Group shall enforce both Codes where applicable to them.

- IRC.

The Board of Directors dated 20 July 2000 resolved, in compliance with the provisions of section 78 of Act 24/1988 of 28 July on the Stock Exchange and consistent rules, the "Internal Regulations of Conduct regarding Transactions in Securities of Inditex and its corporate group".

The IRC governs such issues as confidentiality of relevant information, conflicts of interest declarations, transactions in securities of INDITEX and its corporate group by individuals within its scope (affected or related parties), treasury stock and communication of relevant facts.

Two revised texts of the Internal Regulations of Conduct regarding Transactions in Securities were approved by the Board of Directors held on 20 March and 11 December 2003, respectively, for the purposes of adjusting them first to the new obligations introduced by the Financial Act and then to the recommendations included in the Aldama Report; as a result of such review, certain concepts were redefined and control on transactions in securities which might be eventually carried out by Affected Persons was enhanced, among others.

Finally, said revised text was amended further to a resolution of the Board of Directors dated 13 June 2006 for the purposes of adjusting its contents to the

provisions of *Real Decreto* 1333/2005 of 11 November, whereby the Stock Exchange Act in the matter of market abuse was implemented.

Finally, there is a Code Compliance Supervisory Board which reports directly to the Audit and Control Committee of the Board of Directors. Such Supervisory Board is composed of:

- The Chairman and C.E.O.
- The General Counsel.
- The Director of the Capital Markets Department, and
- The Head of Human Resources.

Such Supervisory Board is responsible for implementing procedures and implementation standards to enforce the IRC. Likewise, there is a Code Compliance Office which reports to the Nomination and Remuneration Committee. The General Counsel of the INDITEX Group is the Code Compliance Officer. The Code Compliance Office is charged, inter alia, with enforcing the conduct policies of stock exchanges and the standards and procedures of the IRC on directors, officers, employees and any other person to which the IRC applies.

The proceedings of the companies which a part of the Group and of all people with access to such information which may be deemed to be relevant information, and namely, financial information, shall adjust to the following principles: regulatory compliance, transparency, collaboration, information, confidentiality and neutrality. Both the Code Compliance Supervisory Board and the Code Compliance Office shall ensure that the above referred principles are observed in respect of financial information.

With regard to the dissemination of the above referred regulations, it is incumbent on the Human Resources Department to circulate a copy of the of the Code of Conduct and Responsible Practices of the Inditex Group to any new employees upon their joining the organization. Likewise, such regulations are available on the web page of the Group and are subject to the appropriate measures regarding disclosure, training and awareness-raising, so that they may be understood and implemented within the whole organization.

With regard to the IRC, the Code Compliance Office keeps a general documentary register of all Affected Persons (people to whom the IRC apply) and it is bound to inform them that they are subject to the provisions of the IRC and of any breaches and penalties which would arise, where appropriate, from an inappropriate use of Reserved Information.

Likewise, the Code Compliance Office shall inform the Affected Persons that they have been included on the General Documentary Register and about any other issues addressed by *Ley Orgánica* 15/1999, of 13 December on the Personal Data Protection.

- **"Whistle blowing" channel, for the reporting to the audit committee of any irregularities of a financial or accounting nature. Breaches of the code of conduct and malpractice within the organization.**

  There is a Whistle Blowing Channel available to all employees of the Group, manufacturers, suppliers or third parties with any direct relationship and a lawful business or professional interest, regardless of their tier or geographic or functional location, so that they may report through this Whistle Blowing Channel any breach of Inditex's conduct and regulatory compliance policies which affect the Group, and which arise from any employees, manufacturers, suppliers or third parties with whom the Group has any direct employment, business or professional relationship.

  Therefore, any breach and any manner of malpractice may be reported, including those of a financial and accounting nature.

  It is incumbent on the Committee of Ethics to oversee the Whistle Blowing Channel and the enforcement of the Whistle Blowing Channel Procedure.

  The proceedings of such Channel are implemented in the Whistle Blowing Channel Procedure approved by the Board of Directors last 16 July 2012; such document is available on the intranet.

  Reports about any breach or any queries regarding the construction or application of internal conduct and regulatory compliance policies may be sent to the Company by post, for the attention of the Committee of Ethics (to Avenida de la Diputación, Edificio Inditex, 15142 Arteixo, A Coruña); by e-mail to: (comitedeetica@inditex.com), or by fax (+34 981186211). The confidentiality of such reports is ensured.

  Upon receipt of the report, the Committee of Ethics verifies first whether it falls within its remit. If so, the Committee of Ethics will refer such report to the relevant department so that it would make the appropriate enquiry. Otherwise, the Committee of Ethics will order staying of proceedings.

  In light of the findings reached further to the enquiry, the relevant department or department shall, having heard first the interested party, propose any of the following measures to the Committee of Ethics which will have final say:

  - Remedy of the breach, if appropriate,

- Proposal of penalties or relevant measures,
- Staying of proceedings, where no breach has been detected.

– **Training and refresher courses for personnel involved in preparing and reviewing financial information or evaluating SCIIF, which address, at least, accounting rules, auditing, internal control and risk management**

The Training and Development Department of the Group, which reports to the DRRHH, is charged with preparing, together with each of the areas reporting to the DGF and with internal Audit, training and refresher schemes for the different staff members involved in the preparing and overseeing the financial information of each and every company comprising the Group. Such schemes include, both general courses focusing on business expertise and knowledge of the different departments which make up the company, and specific schemes aimed at training and refreshing employees in respect of new regulatory changes in the matter of preparation and supervision of financial information.

- General Training.

This training aims at the internal knowledge of each business unit, as well as of each department with their respective activities, functions and duties within the business.

Pursuant to such training plan, employees begin by working at the stores, getting acquainted with the whole process of running a store. Then, they spend time at the different corporate departments at headquarters to finally visit any of the subsidiaries of the Group abroad.

- Specific training.

Group employees involved in procedures associated with the drafting of financial information receive regular training and refresher courses focusing mainly on learning about local and international standards governing financial information.

Within the financial environment, such training and refresher schemes are organized by the Training and Development Department which reports to the DRRHH:

At the beginning of each year, this Department prepares a "Training Scheme" encompassing the different courses, both external and internal, addressed to employees of the various departments comprising the DGF.

Among the courses taught by external staff during the year in course to staff at HHQQ within the financial area, the following should be noted:

- Leadership and team building
- Cash Management
- Strategic perspectives of Management Control
- Costs and management control as competitive tools
- Enterprise Risks Management
- Financial Models.

Training courses are provided on an annual basis for all new supervisors of financial areas in each country, in order to train them in respect of the management model of the INDITEX Group, and in the internal control system on financial information implemented by the Group.

Additionally, supplementary courses are taught by internal staff on the operation of financial software tools used in the preparation of financial information.

Likewise, some courses were taught in the different subsidiaries of the Group on the following issues, inter alia:

- IFRS
- Trade business accounting and taxation.
- Enterprise evaluation.
- Corporate tax
- International Financial Reporting.

A specific portal of the DGF is available on the intranet to all employees with the material from the main courses taught. This portal is also used to report domestic and international news within the financial, accounting and auditing scope. The foregoing and the subscriptions to specialized financial magazines make up a technical library available to the members of the departments comprising the DGF.

7.2. Risks assessment in financial reporting

Degree of implementation and systematization of the process whereby the Group is able to identify sources and risks of any mistake or irregularity in financial reporting.

7.2.1. Main features of the risk identification process

– **- Is there any such process? If so, is it duly documented?**

Within the Group, the process to identify risks has been documented in the *"Procedure for Enterprise Risks Management in respect of Financial Information"* prepared by the DGF and Internal Audit. This process helps identify and assess, on an annual basis, the

risks which may lead to material mistakes in financial reporting.

– **The process covers the entire goals of financial information**

The above referred risks management process is based upon five stages:

- Gathering financial information
- Identification of the operation cycles with an impact on financial information
- Assessment or risks of the reporting of financial statements unit
- Prioritization of accounts criticality
- Checking risks versus operational cycles.

As a result of such process, a scoping matrix of risks regarding financial information (Scoping Matrix of SCIIF) is prepared. This Scoping Matrix allows the identification of material headings of financial statements, assertions or goals of financial information in respect of which any risks may exist, and the prioritization of operational processes which have an impact on financial information, by means of comparing financial statements with operational cycles associated with them.

The assessment process covers all the goals of financial information: (i) existence and occurrence; (ii) integrity; (iii) assessment; (iv) disclosure; (v) rights and obligations.

Further to the identification of potential risks, they are assessed on an annual basis based upon the business expertise and understanding of the management and upon materiality criteria.

Assessment criteria are established (i) from a quantitative perspective in accordance with such parameters as: turnover, size of assets and pre-tax profit and (ii) from a qualitative perspective in accordance with different issues such as transactions standardizing and processes automation, composition, changes versus the previous year, complexity of accounting, likelihood of fraud or error or degree of use of estimates in book recording.

– **Process to identify the consolidation perimeter.**

The Group relies on a Corporate Master of Companies wherein all the companies which are part of the Inditex Group are included. .Such mater is managed and updated in accordance with the *"Procedure for the Incorporation and Financing of Companies"*.

Recorded in such master are on the one hand, general information about companies, such as company name, accounting closing date and currency and on the other, legal details such as the date of incorporation, share capital, list of shareholders, stakes, and other relevant information. Legal Assistant's Office is responsible for updating the master as regards legal information.

The External Reporting area, which reports to the Planning and Management Control Department determines on a quarterly basis the number of the companies which make up the Consolidation Perimeter as well as the consolidation methods which apply to each of the companies included in the above referred perimeter.

– **Effects of other types of risks (operational, technological, financial, legal, reputational, environmental, etc.).**

The process for the assessment of financial information risks includes in addition to the above referred quantitative and qualitative factors, the main risks identified through the general risk map of the INDITEX Group.

Potential risks identified through the Scoping Matrix of financial information are added to the Risks Map of the Group. Such Map is regularly updated with the assistance of all the involved areas of the organization. Thus, the Group may consider the impact that the remaining risks regarding Business Environment, Reputation, Regulatory risks, Human Resources, Operations, Financial, Technology and IT Systems, Environmental, Governance and Management might have on financial statements.

– **Governing body of the company charged with monitoring the process.**

Finally, the whole process is overseen and approved on a yearly basis by the Audit and Control Committee.

7.3. Control activities

Main features of specific controls implemented by the Group to reduce the risks of mistake or malpractice regarding the financial information.

7.3.1. Flows of activity and control (including those regarding risk of fraud) of the different types of transactions

The Group keeps duly documented in the relevant procedures all processes which it deems to entail a risk of a material impact on the preparation of the financial information.

Such procedures include controls which allow giving an appropriate answer to risks associated to the achievement of the goals regarding reliability and integrity of the financial information so as to prevent,

detect, reduce and correct the risk of any potential mistakes way in advance. Each control activity is incumbent on the relevant manager and is systematically exerted with the required frequency.

Additionally, procedures are represented in flow charts and control activities through scoping risks matrixes and controls. Each control activity is overseen by the relevant supervisor and is systematically carried out. Dissemination of procedures, flow charts and matrixes to staff members involved in the drafting of the financial information is carried out through the DGF portal of the Group available on the intranet, where they may be accessed by any member of the financial team. Such portal represents an additional work tool.

Each procedure is allocated to a manager charged with reviewing and updating it. Said updates are duly reviewed and authorizes by the head of the area prior to their dissemination via the financial portal.

The following procedures should be underscored in accordance with their relevance, considering the business nature:

- Accounts payable
- Cash
- Stores sales
- Stock management
- Tangible fixed assets

The Group relies on procedures governing accounting closing, central purchases units and consolidated financial statements. This last procedure provides a section regarding *"Provisions, Opinions and Estimates"* which covers the main consolidated provisions, opinions and estimates, as well as the review and approval thereof by the DGF.

During the fiscal year and further to the annual updating process, a new procedure which governs the use, control and maintenance of software tools implemented by users has been documented.

The DGF relies on another control tool, which complements the different documented procedures. Such tool consists of a number of indicators (KPIS, *"key performance indicators"*) which aim at evaluating the quality of financial information reported by the relevant managers of the Group companies. Such tool is available to the different units which create information. KPIS are regularly reviewed by members of the different financial departments of companies, with the proposal, where appropriate, of corrective measures and specific action plans and the follow-up thereof.

Likewise, the DGF carries out analytical reviews of financial statements of the main companies of the Group on a quarterly basis.

7.3.2. Internal control policies and procedures for IT systems supporting the key process of the Company regarding the drafting and publication of financial information

The internal control framework of IT systems of the Group has been defined based upon a catalogue of IT processes (hereinafter, IT) which covers the whole activity associated to each system and a basic risks review associated to such processes. Thus, the internal control framework covers all the risks associated to each and every process.

The Computer Security area of the Group, which reports to the IT Division, aims at ensuring security of all computer processes by:

- Setting and disseminated regulations to ensure security. With this respect, the Policy for Information Security (PSI, *Spanish acronym*) was approved in September 2011.
- Carrying out reviews aimed at verifying enforcement of such regulations.

The PSI serves as a benchmark which provides guidelines to be followed by the staff of the Inditex Group, for the purposes of ensuring computer security within all business processes; therefore, they also support the SCIIF. Guidelines provided in the Security Policy address the following issues:

- Assets classification and control
- Security versus human deeds
- Physical security and security of the environment
- Accesses control
- Systems, Communications and Transactions Management
- Systems Development and Update
- Business Continuity Management
- Management of Information Security Incidences
- Regulatory and Legal Compliance.

Additionally, regarding the design and implementation of applications, the Group has defined a methodological framework with different requirements aimed at ensuring that the solution implemented actually meets the functions demanded by users and so that the quality level meets the security standards set out.

Finally, the Group relies on contingency mechanisms and procedures, both technical and operational, which have been defined to ensure recovery of IT systems in case of lack of availability.

7.3.3. Internal control policies and procedures to oversee activities outsourced to third parties. Appraisal, calculation or assessment activities commissioned from independent experts

As a general rule, the INDITEX Group does not have any process with a relevant impact on financial information outsourced to any third party. The general policy of the Group lies in not outsourcing any activity which might have any material impact on its financial statements.

During FY2012, the following main activities entrusted to third parties have been identified, without their having any material impact on financial statements:

- Real estate appraisals
- Valuation of intangible assets and companies.
- Actuarial calculations.

Such services are engaged by the managers of the relevant areas, ensuring the technical and legal qualifications and capacity of the individuals or companies hired.

7.3.4. Procedures to review and authorize financial information and the SCIIF description to be disclosed to stock exchanges. Relevant managers

Pursuant to the Board of Directors' Regulations, it is incumbent on the Audit and Control Committee, among other things, to review the annual accounts and the periodic information that the Board of Directors must submit to the markets and their supervisory bodies, overseeing at all times compliance with the legal requirements and the appropriate use in the preparation of such information of generally accepted accounting standards.

Likewise, the above referred Regulations provide that the Audit and Control Committee will meet on a quarterly basis to review the periodic financial information to be submitted to the Stock Exchanges authorities and the information that the Board of Directors must approve and add to its annual public documentation.

Prior to the statement of the annual accounts and to the approval of the half-yearly financial statements, the DGF and External Auditors meet for the purposes of reviewing and assessing the financial information prior to submitting it to the Board of Directors.

The Audit and Control Committee submits this information to the Board of Directors which is responsible for approving it, prior to it being disclosed to the market.

7.4. Information and communication

Procedures and mechanisms to which the Group resorts, for the purposes of disclosing to the staff involved in the drafting of financial information, the applicable guidelines and the information systems used in such processes.

7.4.1. Procedures to review and authorize financial information and the description of the SCIIF, to be published by securities markets. Relevant managers

The Consolidation and Reporting area within the Planning and Management Control department is responsible for drafting, publishing, implementing and updating the Manual of Accounting Policies of the Group. Such area has, among others, the following duties associated to accounting policies:

- Defining the accounting treatment of the transactions which make up the business of the Group.
- Defining and updating the accounting practices of the Group .
- Addressing accounting questions raised by any company of the Group.
- Standardizing the accounting practices of the Group.

7.4.2. Existence of an updated manual of accounting policies circulated to the relevant units within the organization

As previously stated, the Group relies on a manual of Accounting Policies of the Group drafted by the Consolidation and Reporting area. Such manual covers transactions inherent in the Groups´ business.

The manual is regularly updated. For such updating procedure, the Consolidation and Reporting area includes all accounting changes arisen during the fiscal year which were already advanced to those in charge of drafting the financial statements.

The manual and the remaining documentation are available on the corporate intranet.

During the fiscal year, the above referred manual has been completely updated and it is available on the intranet since February 2013.

7.4.3. Mechanisms for the capture and preparation of financial information in standard format, which are enforced and used by all the units of the Company or the Group, supporting the main financial statements and the notes thereto, as well as the disclosure concerning SCIIF

The process for the capture and preparation of consolidated financial statements is centralized, falling on the External Reporting area which reports to the Planning and Management Control Department.

The Group relies on IT systems for the drafting of financial information of individual companies, which on the one hand allow the automatic recording of the different transactions, with the standard configuration of individual financial statements of each company within the Group, and on the other hand, provides the information required to draft the consolidated financial statements.

For the purposes of reporting financial information, the subsidiaries of the Group resort to a specific application whereby they include their financial statements and carry out the reconciliation of transactions and inter-group balances. The remaining part of the consolidation process (removal, adjustment, etc.,) is carried out through another tool, specific to the Group.

Financial information reported to *CNMV* is drafted based upon consolidated financial statements gathered through the above referred tool, and based upon certain supplementary information reported by the subsidiaries, required to prepare the annual/half-year report. Contemporaneously, certain specific controls are exerted to confirm integrity of such information.

The Group is currently implementing a new software tool to carry out the consolidation process. This new application will permit an increase in controls on capture mechanisms and a higher review of financial information.

7.5. Monitoring operation of the system

Information which helps understand how SCIIF is overseen, in order to prevent and settle any defect in its design and operation.

7.5.1. Internal audit function charged, inter alia, with supporting the audit committee in the monitoring of the internal system, including SCIIF

The Group has an independent Internal Audit Department whose mission and goals are provided in its Charter and Regulations. The following duties are incumbent on the Internal Audit Department, *inter alia*:

- Assuring the Audit and Control Committee of the effective and independent monitoring of the internal control system (including SCIIF).
- Collaborating in the reasonable reduction of the potential impact of risks which hamper achieving the goals of the Group.
- Promoting, by means of findings and recommendations, the existence of appropriate internal control and risk management systems, namely SCIIF; as well as the homogeneous and efficient application of internal control system policies and procedures.
- Serving as the communication channel between the Organization and the Audit and Control Committee.

To discharge such duties, Internal Audit relies on an Annual Audit Plan approved by the Audit and Control Committee.

For organizational purposes, Internal Audit is included in the current structure by means of a direct link to the Board of Directors, to which it reports via the Chairman, and to which it is functionally subordinated through the Audit and Control Committee, which ensures a full independence in the performance of its activities.

7.5.2. Discussion procedure whereby the auditor, (in accordance with the provisions of the NTA), the internal audit function and other experts may disclose to the senior management and to the Audit Committee or the directors of the Company any significant internal control weaknesses identified in the course of the review of the financial statements or any other assignment entrusted. Action plan to try and correct or reduce weaknesses observed

Internal Audit regularly reports to the Senior Management and the Audit and Control Committee the internal control weaknesses identified in the reviews of SCIIF of the Group, as well as the follow-up of the action plans set out to settle or reduce them.

Meanwhile the External Auditors regularly meet with the DGF and Internal Audit, both to gather information and to disclose any potential control weaknesses which they might detect, where appropriate, in the course of their work.

On the other hand, the Audit and Control Committee meets with the auditors of individual and consolidated accounts for the purposes of reviewing the annual accounts of the Group and certain half-yearly periodical information that the Board of Directors must supply to the markets and their supervisory bodies, overseeing fulfillment of legal requirements and the appropriate application of generally accepted accounting principles in the drafting thereof.

Section 43.4 of the Board of Directors´ Regulations provides that:

"The Board of Directors shall endeavor to definitively prepare the accounts in such a manner that they do not give rise to qualifications on the part of the auditor. Nonetheless, when the Board considers that it must maintain its criterion, it shall publicly explain the content and scope of the discrepancy".

To meet the provisions laid down in the above referred section, any discussion or different view existing is anticipated in the meetings held between the Audit and Control Committee and the external auditors. Meanwhile, external auditors report, where appropriate, about the main improvement issues on internal control identified as a result of their work. Additionally, the Management reports on the degree of implementation of the relevant action plans set in train to correct or reduce the issues identified.

During FY2012, Internal Auditors have attended six meetings of the Audit and Control Committee and External Auditors four.

7.5.3. Scope of SCIIF assessment carried out during the fiscal year, and of the procedure to disclose the results of such assessment. Action plan providing any potential corrective measures. Consideration of the impact of such measures on the financial information

Based upon the above referred Scoping Matrix of SCIIF Risks, Internal Audit drafted a pluri- annual plan for the regular review of SCIIF of the Group which was submitted to and approved by the Audit and Control Committee.

Such pluri-annual plan envisages reviews of SCIIF for the main processes and geographical areas with a material impact on financial statements of the Group. Priority reviews are set in accordance with the risks identified. Suitability of such plan shall be reviewed every year, further to the update of the process to identify and assess financial information risks.

Namely, the design and effective operation of key transactional controls and of general controls on the main software tools involved in the preparation of the financial information, is subject to review, as well as the review of the general control environment.

Additionally, this review is complemented by the execution and review (KRI, key risk indicators) defined by Internal Audit on most critical risks areas, which have been designed to detect and reduce likelihood of risks and mistakes, including those of financial nature and fraud. Execution of such key risk indicators is centralized for all business units and geographical areas, pursuant to the annual plan approved.

In the implementation of its proceedings, Internal Audit relies on different audit techniques, mainly interviews, analytical reviews, specific transaction control tests, reviews of the effectiveness of software tools and material tests.

Likewise, Internal Audit carries out certain limited procedures of analytical review on consolidated financial statements for the first and third quarter of the year on consolidated information.

Results of the assignments, together with the corrective measures proposed, where appropriate, are reported to the DGF and the Audit and Control Committee. The implementation of such measures has been subsequently monitored by Internal Audit and reported to the Audit and Control Committee.

7.5.4. Monitoring activities about SCIIF carried out by the Audit Committee

With regard to the monitoring activities about SCIIF carried out by the Audit and Control Committee during the year, it has performed, inter alia, with the following:

- It has reviewed the annual accounts of the Group and the periodic financial information, this latter on a quarterly basis, to be provided by the Board of Directors to the markets and its supervisory bodies, overseeing compliance with the legal requirements and the appropriate application of the generally accepted accounting standards upon drafting such information.
- It has proposed to the Board of Directors, so that it may table it to the Annual General Meeting of Shareholders, the appointment of auditors within the statutory terms. Likewise, the Audit and Control Committee proposes to the Board of Directors the terms of the agreement to be executed with auditors, the scope of their professional mandate and, where appropriate, their removal or renewal, overseeing performance of the agreement and regularly assessing their results.
- As part of its monitoring duties regarding the Audit Department, the Committee has approved the annual activities report of such Department, as well as its budget and the annual audit plan.
- It has reviewed the annual audit plan of external auditors, including the audit goals based upon the assessment of financial information risks, and the main areas involved or significant transactions which shall be reviewed during the fiscal year.
- It has reviewed with the external auditors and with Internal Audit the internal control weaknesses detected, where appropriate, in the course of audit and review assignments. Likewise, both external auditors and Internal Audit regularly report to the Audit and Control Committee the degree of enforcement of recommendations resulting from such assignments.
- It has kept regular meetings with other corporate departments of the INDITEX Group for the purposes of overseeing the effectiveness of internal control systems of the Group, including SCIIF, and verifying their suitability and integrity.

7.5.5. Information about SCIIF sent to the markets reviewed by the external auditor

The Group´s Management team has decided to subject the information about SCIIF for FY2012 prepared by the company to the review by the external auditor. Such report is attached hereto as a Schedule.

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Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish – language version prevails.

REPORT ON THE INFORMATION RELATING TO THE SYSTEM OF THE INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR) OF INDUSTRIA DE DISEÑO TEXTIL, S.A. FOR 2012

To the Directors of INDUSTRIA DE DISEÑO TEXTIL, S.A.:

As requested by the Board of Directors of Industria de Diseño Textil, S.A. ("the Entity") and in accordance with our proposal-letter dated 18 July 2012, we have applied certain procedures to the accompanying "Information Relating to the ICFR System" of Industria de Diseño Textil, S.A. for 2012, which summarises the internal control procedures of the Entity in relation to its annual financial reporting.

The Board of Directors is responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system and for making improvements to that system and for preparing and establishing the content of the accompanying Information relating to the ICFR system.

It should be noted in this regard, irrespective of the quality of the design and operating effectiveness of the internal control system adopted by the Entity in relation to its annual financial reporting, that the system can only permit reasonable, but not absolute, assurance in connection with the objectives pursued, due to the limitations inherent to any internal control system.

Securities Market Law 24/1988, of 28 July, as amended by Sustainable Economy Law 2/2011, of 4 March, stipulates that for the annual reporting periods beginning on or after 1 January 2011, the Annual Corporate Governance Report ("ACGR") must include a description of the main features of internal control and risk management systems with regard to the statutory financial reporting process. In this connection, the Spanish National Securities Market Commission ("CNMV") promoted the creation of an Internal Control Working Group ("the ICWG") on the financial reporting of listed entities in order to draw up a set of recommendations on the ICFR system. As a result of the ICWG, a document was issued in June 2010, "Internal Control over Financial Reporting in Listed Companies" ("the ICWG Document"). Section III thereof includes a "Guide for the Preparation of the Description of the Internal Control over Financial Reporting System", which covers the basic indicators that, in the opinion of the ICWG, must be dealt with by each entity in the description of the main features of their ICFR system. A CNMV letter dated 28 December 2011 contains a reminder of the legal amendments to be taken into consideration when preparing the "Information Relating to the ICFR System" until final publication of the CNMV Circular defining a new ACGR form.

Pursuant to Section III.16 of the ICWG Document, whereby entities are required to state whether the description of the ICFR system has been reviewed by the external auditor and, if so, to include the corresponding report, the financial auditors' representative bodies issued Draft Guidelines on 28 October 2011 and the corresponding illustrative auditors' report ("the Draft Guidelines"). In addition, on 25 January 2012, the Spanish Institute of Certified Public Accountants established certain additional considerations in this connection in its Circular E01/2012.

Deloitte, S.L. Inscrita en el Registro Mercantil de Madrid, tomo 13.650, sección 8ª, folio 188, hoja M-54414, inscripción 96ª C.I.F. B-79104469
Domicilio social: Plaza Pablo Ruiz Picasso, 1, Torre Picasso, 28020, Madrid

In the course of our audit work on the financial statements and pursuant to Technical Auditing Standards, the sole purpose of our assessment of the internal control of the Entity was to enable us to establish the scope, nature and timing of the audit procedures to be applied to the Entity's financial statements. Therefore, our assessment of internal control performed for the purposes of the aforementioned audit of financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over the statutory annual financial reporting.

For the purpose of issuing this report, we applied exclusively the specific procedures described below and indicated in the Draft Guidelines on the Auditors' Report on the Information relating to the System of Internal Control over Financial Reporting of Listed Companies, which establishes the work to be performed, the minimum scope thereof and the content of this report. Since the work resulting from such procedures has, in any case, a reduced scope that is significantly less extensive than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or on its design or operating effectiveness, in relation to the Entity's annual financial reporting for 2012 described in the accompanying Information on the ICFR System. Therefore, had procedures additional to those provided for in the aforementioned Guidelines been applied or an audit or a review of the system of internal control over the statutory annual financial reporting been performed, other matters or aspects might have been disclosed which would have been reported to you.

Also, since this special engagement does not constitute an audit of financial statements and is not subject to the Consolidated Spanish Audit Law, approved by Legislative Royal Decree 1/2011, of 1 July, we do not express an audit opinion in the terms provided for in that Law.

The procedures applied were as follows:

1. Perusal and understanding of the accompanying information prepared by the Entity in relation to the ICFR system and assessment of whether this information addresses all the information required in accordance with the minimum content described in Section III of the ICWG Document, Guide for the Preparation of the Description of the ICFR System.

2. Enquiries of personnel in charge of preparing the information detailed in point 1 above for the purpose of: (i) understanding the preparation process; (ii) obtaining the information required in order to assess whether the terminology used is in keeping with the definitions provided in the reference framework; (iii) obtaining information on whether the aforementioned control procedures have been implemented and are in use at the Entity.

3. Review of the explanatory documentation supporting the information detailed in point 1 above, including mainly the documentation furnished directly to the personnel in charge of preparing the information describing the ICFR System. In this respect, the aforementioned documentation includes reports prepared by the internal audit department, senior executives or other internal or external experts providing support functions to the Audit and Control Committee.

4. Comparison of the information detailed in point 1 above with the knowledge of the Entity's ICFR System obtained as a result of the application of the procedures carried out as part of the audit of its financial statements.

5. Perusal of the minutes of meetings of the Board of Directors, Audit and Control Committee and other committees of the Entity to evaluate the consistency between the ICFR business transacted therein and the information detailed in point 1 above.

6. Obtainment of the representation letter concerning the work performed, duly signed by the personnel in charge of the preparation of the information detailed in point 1 above.

The procedures applied to the Information relating to the ICFR system did not disclose any inconsistencies or incidents that might affect the Information.

This report has been prepared exclusively in the context of the requirements of Spanish Securities Market Law 24/1988, of 28 July, amended by Sustainable Economy Law 2/2011, of 4 March, and the provisions of the ICWG Document of June 2012, issued by the CNMV for the purposes of the description of the ICFR system in Annual Corporate Governance Reports.

DELOITTE, S.L.

Manuel Arranz Alonso

13 March 2013

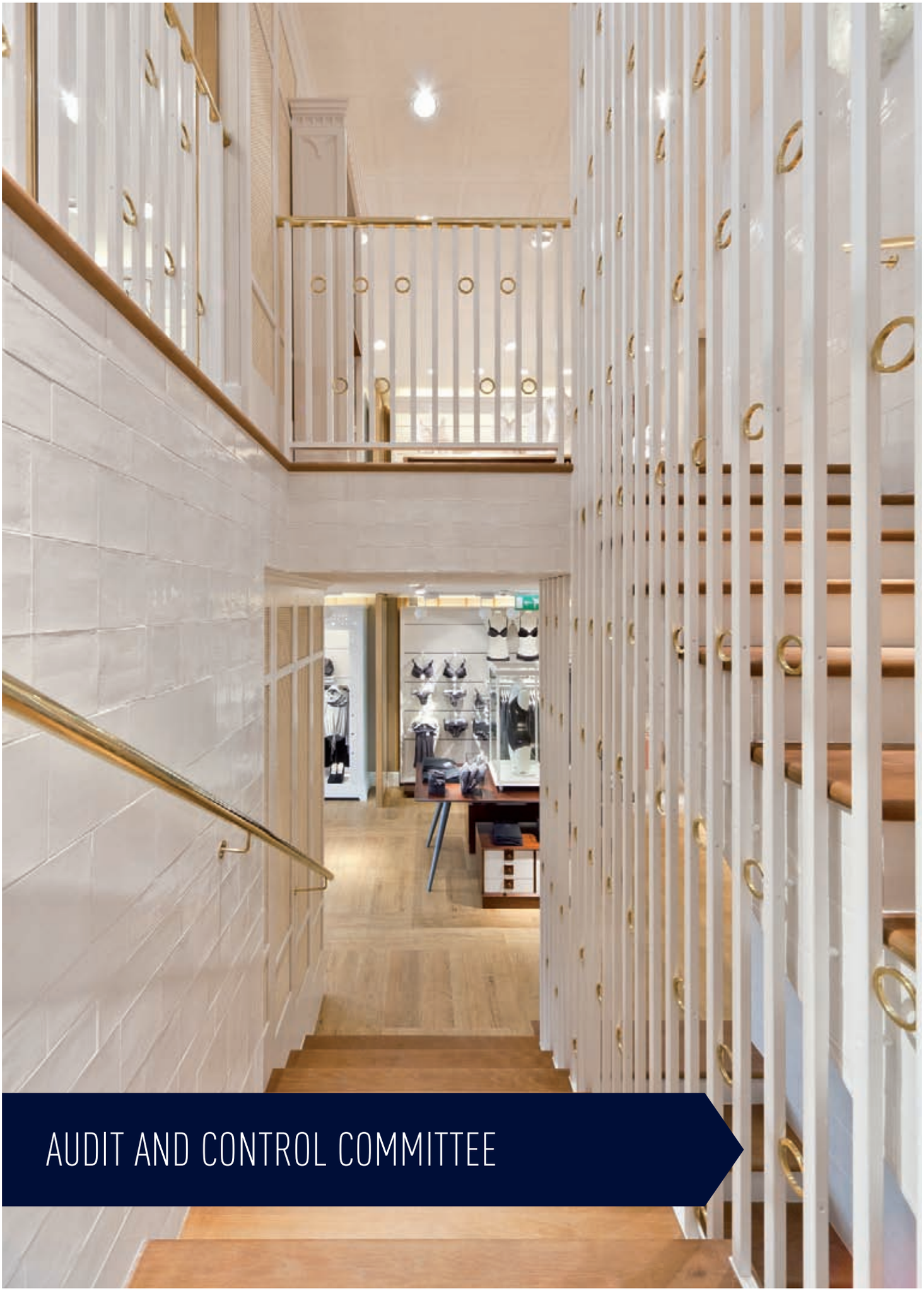
Annex 2 (Below to section G)

For the purposes of achieving the maximum transparency regarding the compensation of the Board of Directors, below is a summary chart with an individual breakdown of the compensation of directors.

Compensation of directors fy2012

	Type	Remuneration Board of	Remuneration Deputy Chairman Board of Directors	Remuneration for serving on Committees and on other Boards of Directors	Remuneration for chairing Committees	Fixed Remuneration	Variable Remuneration	Total 2012
Pablo Isla Álvarez de Tejera	Executive	100	-	-	-	3,268	3,112	6,480
José Arnau Sierra	Proprietary	64	43	54	-	-	-	161
Carlos Espinosa de los Monteros Bernaldo de Quirós	Independent	100	37	140	50	-	-	327
Irene R. Miller	Independent	100	-	100	43	-	-	243
Nils Smedegaard Andersen	Independent	100	-	100	-	-	-	200
Emilio Saracho Rodríguez de Torres	Independent	100	-	100	-	-	-	200
Juan Manuel Urgoiti López de Ocaña	Independent	100	-	100	7	-	-	207
GARTLER, S.L. (1)	Proprietary	100	-		-	-		100
Amancio Ortega Gaona	Proprietary	100	-		-	-	-	100
TOTAL		**864**	**80**	**594**	**100**	**3,268**	**3,112**	**8,018**

Amounts in EUR thousand
(1) Represented by Ms Flora Pérez Marcote



AUDIT AND CONTROL COMMITTEE

Preliminary

The Board of Directors of INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX, S.A.) (hereinafter, INDITEX) has been amending its rules on corporate governance in line with the most demanding trends on the subject and in accordance with the good governance codes and, where appropriate, the regulations approved on this matter. Amongst said adjustments and amendments are those affecting the Board of Directors' Regulations, out of which those aimed at enhancing the tasks of the Audit and Control Committee, either by extending its duties or by allocating new ones thereto, such as that of drawing up an annual activities report, shall be stressed.

This document, drawn up by the Audit and Control Committee of INDITEX, in the session held on 10 June 2013 is the tenth annual activities report prepared in compliance with the provisions of section 14.2 (o) currently in force of the Board of Directors' Regulations of the Company, and it describes the activities carried out by the Audit and Control Committee from 1 February 2012 through 31 January 2013, fiscal 2012 year-end.

The Audit and Control Committee of Inditex: origin and evolution, regulations and composition

Origin and evolution

The Board of Directors of INDITEX held on 20 July 2000 approved the Board of Directors' Regulations, under the provisions of section 29.3 of the then prevailing Articles of Association in force, in order to adjust to the guidelines of the report drawn up by the Special Commission for the study of an Ethics Code for corporate governance (the "Olivencia Code").

Section 14 of said Regulations established the Audit and Control Committee (first known as Audit and Compliance Committee), with powers similar to those which were later acknowledged by law, since Act 24/1988 of 28 July, governing the Stock Exchange ("LMV"- *Spanish acronym*) incorporated them, as amended by Act 44/2002, of 22 November on the Reform of the Financial System (Financial Act).

Subsequently, in its meeting of 20 March 2003, the Board of Directors resolved:

1) To propose to the General Meeting of Shareholders the amendment of the Articles of Association, through a new wording of section 30, in order to include the regulation of the Audit and Control Committee.

2) To approve the amendment to the Board of Directors' Regulations, in order to enhance the functions of the Audit and Control Committee, with the assumption of new tasks and the extension of those already existing.

Thus, the Additional Provision Number Eighteen, introduced on the Stock Exchange Act by the Financial Act, according to which those issuing companies whose shares were admitted to trading on secondary official securities markets should have an Audit Committee, was enforced, as were the latest trends concerning corporate governance issues of listed companies established by the *Aldama* Report, laying with the Articles of Association the task of fixing the number of members, the powers of the Committee and the rules governing its operation.

Subsequently, it was resolved by the Board of Directors in its meeting held on 10 June 2004, to approve a new Revised Text of the Board of Directors' Regulations, which would include the provisions of Act 26/2003 of 17 July, amending the Stock Exchange Act and then prevailing Revised Text of the Spanish Corporation Act in force, in order to foster transparency in listed companies ("the Transparency Act") and its bylaws. With this new amendment the Audit and Control Committee was enhanced with the inclusion of a new duty.

The Board of Directors held on 11 December 2007 approved a new Revised Text of the Board of Directors' Regulations, in order to adjust the contents thereof to the Recommendations of the Unified Good Governance Code. Further to this amendment, the duties of the Audit and Control Committee were extended as it assumes the Recommendations provided by said Unified Code on this issue.

Regulations

The amendment to the Board of Directors' Regulations, approved by the Board in the meeting held on 13 July 2010, aimed at adjusting such regulations to the Articles of Association and extending the maximum number of members of the Audit and Control Committee and the Nomination and Remuneration Committee.

Finally, the Board of Directors' Regulations were amended in the meeting held by the Board last 12 June 2012 for the purposes of encompassing, among others, recommendations number 44 and 54 of the Unified Good Governance Code of Listed Companies, and extending the remit of the Audit and Control Committee.

Section 31 of the Articles of Association currently in force, as amended further to a resolution passed by the

Annual General Meeting of Shareholders held on 17 July 2012, provides as follows:

Section 31.- Audit and Control Committee

1.- An Audit and Control Committee shall be formed within the Board of Directors made up of a minimum of three and a maximum of seven non-executive directors appointed by the Board itself, a majority of whom must necessarily be independent directors, and out of whom at least one of them shall be appointed taking into account his/her knowledge and expertise in accounting or audit matters or in both

For such purposes, independent directors are understood as those professionals of repute not linked to the executive team or the significant shareholders and that meet the requirements that ensure their impartiality and objectivity of opinion.

2.- The Chairman of the Audit and Control Committee, who needs to be an independent director, shall be elected for a maximum four-year term, upon expiry of which he shall be replaced. He may be re-elected after expiry of one year of the date of his removal.

3.- Without prejudice to any other tasks that it might be assigned from time to time by the Board of Directors, the Audit and Control Committee shall perform the following duties:

(a) To report to the General Shareholders' Meeting on those questions put forward by shareholders regarding matters within the scope of its competence.

(b) To propose to the Board of Directors, in order to be submitted to the General Shareholders' Meeting, the appointment of the external auditors that must review the annual accounts.

(c) To liaise with the external auditors in order to receive information on those matters that could put at risk their independence, so that the Committee may review them, and on any other matter related to carrying out of the audit process, as well as on those other communications envisaged by audit legislation and auditing standards; namely, the Committee should receive from the auditors at all events and on a yearly basis, the written confirmation of their independence vis-à-vis the Company or vis-à-vis those entities directly or indirectly linked thereto, as well as the information on any additional services whatsoever other than those the subject matter of the audit agreement, rendered to the Company or to the entities linked thereto, by such auditors or entities linked to them, pursuant to the provisions of the prevailing regulations from time to time in force.

(d) To supervise the effectiveness of the internal control of the company, the internal audit, where appropriate, and the risks management.

(e) To supervise the process for preparing and disclosing regulated financial information and the effectiveness of the internal control systems of the Company (namely, the internal control system on financial reporting), checking their appropriateness and integrity and reviewing with the external auditors of the Company any significant internal control weakness revealed in the course of the audit.

(f) To issue on a yearly basis and prior to the issue of the audit report, a report expressing an opinion on the independence of the external auditors of the Company, such report to address at any rate, the rendering of any additional services whatsoever referred to under paragraph (c) above.

4.- The Audit and Control Committee shall ordinarily meet quarterly in order to review the periodic financial information that has to be relayed to the Stock authorities, as well as the information that the Board of Directors has to approve and include in the annual public documentation. Furthermore, it shall meet each time its Chairman calls it to meet, who must do so whenever the Board or the Chairman thereof requests the issuing of a report or the adoption of proposals and, in any case, whenever appropriate for the successful performance of its functions.

5.- The management team or the personnel of the Company shall be obliged to attend the meetings of the Committee and to give their help and access to the information at their disposal when the Committee so requests. Likewise, the Committee may require the attendance at its meetings of the Auditors of the Accounts.

6.- The Audit and Control Committee may develop and complete in its Regulations the aforementioned rules, in accordance with the provisions of the Articles of Association and with the Law.

Meanwhile, section 14 of the Board of Directors' Regulations, amended further to a resolution of the Board of Directors passed during the meeting held on 12 June 2012 reads as follows:

Section 14 - The Audit and Control Committee

1.- The Audit and Control Committee shall be made up of a number of directors being no less than three and no greater than seven, most of whom shall be independent directors, out of whom at least one shall be appointed taking into account his or her knowledge and expertise in accounting or audit matters or both. The Chairman of the Committee, who shall necessarily be an independent director, shall be elected for a maximum four-year term, upon expiry of which he shall be replaced. He may be re-elected after expiry of one year of the date of his removal.

2.- Without prejudice to other tasks it is assigned by the Board, the Audit and Control Committee shall have the following basic responsibilities, which are:

(a) To report to the General Shareholders' Meeting on those questions put forward by shareholders regarding matters within the scope of its competence.

(b) To propose to the Board of Directors, in order to be submitted to the General Shareholders' Meeting, the appointment of the auditors. Furthermore, to propose to the Board of Directors their contractual conditions, the scope of their professional mandate and, where appropriate, the rescission or non—renewal of their appointment.

(c) To liaise with the external auditors in order to receive information on those matters that could put at risk their independence, which shall be subject to review by the Committee, and on any other matter related to carrying out of the audit process, as well as on those other communications envisaged by audit legislation and auditing standards; specifically, to receive from the auditors every year written confirmation of their independence vis-à-vis the Company, as well as the information about any manner of additional services, other than those covered under the audit agreement, rendered by said auditors to the Company.

(d) To supervise the fulfilment of the auditing contract, endeavouring for the opinion about the annual accounts and the main contents of the auditor's report to be drawn up in a clear and precise manner and to evaluate the results of each audit process.

(e) To supervise the terms and the observance of the contracts entered into with the external auditors of the Company for the performance of assignments or tasks other than those included in the audit contract.

(f) To issue on a yearly basis and prior to the issue of the audit report, a report featuring an opinion on the independence of the external auditors of the Company, which shall address at all events the rendering of any manner of additional services other than those covered under the audit agreement referred to under paragraph (c) above.

(g) To supervise the Internal Audit Department of the Company and its Group, approving the budget of the Department, the Plan of Internal Audit and the Annual Activities Report, and supervising the material and human resources, whether internal or external, of the Internal Audit Department for the performance of their work. To report on the appointment of the Internal Audit Department Director prior to the corresponding report from the Nomination and Remuneration Committee.

(h) To supervise the process of preparation and release of the regulated financial information and the effectiveness of the internal control systems of the Company, and (in particular that regarding the internal control on the financial information) and, by checking the suitability and integrity of the same and by discussing with the external auditors of the Company the significant weaknesses of the internal control system revealed in the course of the audit.

(i) To periodically review the risk control and management policy and the management systems, which may contain, at least, the different types of risks, the fixing of the risk level which is considered acceptable, the measures foreseen to mitigate the impact of the identified risks and the systems of information and internal control.

(j) To review the Company´s annual accounts and the periodic financial information that the Board must provide to the markets and the supervisory bodies, overseeing compliance with the legal requirements and with the correct application of generally accepted accounting principles.

(k) To inform the Board of Directors about any significant change in the accounting criteria and about risks arising from the balance sheet or from any other source.

(l) To examine compliance with the Internal Regulations of Conduct Regarding Transactions in Securities, with these Regulations, and in general, with the governance regulations of the Company and to make the necessary proposals for their improvement.

(m) To receive information and, where appropriate, to issue reports on the disciplinary measures intended to be imposed on the members of the senior management team of the Company.

(n) To report during the first three months of the year and whenever the Board of Directors so requests on compliance with the Code of Conduct and with any additional documents which make up the prevailing policy on internal regulations compliance, from time to time in force, and to make proposals to the Board of Directors for the taking of steps and adoption of policies aimed at improving compliance with such policy on regulatory compliance.

(o) To draw up and put forward to the Board of Directors an annual report on corporate governance for its approval.

(p) To draw up an annual report on the activities carried out by the Audit and Control Committee itself.

(q) To supervise the functioning of the Company´s web page regarding the provision of information on corporate governance as referred to under Section 40.

(r) To report to the Board of Directors about the creation or, as the case may be, acquisition of shares in special purpose vehicles or entities resident in jurisdictions considered tax havens, and any other transactions or operations of a comparable nature.

(s) To receive from the head of tax issues of the Company, in order to relay it to the Board of Directors, prior to the statement of the annual accounts and the filing of the Corporate Tax return, information about tax criteria enforced by the Company during the fiscal year and the degree of compliance with the Code on Best Tax Practices.

(t) To report to the Board of Directors, based upon the information received from the head of tax issues of the Company, on tax policies enforced, and in respect of issues which shall be submitted to the Board of Directors for approval, on their tax consequences, where they are deemed to be a relevant factor.

3.- The Audit and Control Committee shall ordinarily meet quarterly in order to review the periodic financial information that has to be relayed to the Stock authorities, as well as the information that the Board of Directors has to approve and include in the annual public documentation. Furthermore, it shall meet each time its Chairman calls it to meet, who must do so whenever the Board or the Chairman thereof requests the issuing of a report or the adoption of proposals and, in any case, whenever appropriate for the successful performance of its functions.

4.- The management team or the personnel of the Company shall be obliged to attend the meetings of the Committee and to give their help and access to the information at their disposal when the Committee so requests. Likewise, the Committee may require the attendance of its meetings by the Auditors of the Accounts.

5.- For the best performance of its functions, the Audit and Control Committee may obtain the advice of external experts, to which purpose the provisions of Section 27 of these Regulations shall apply.

6.- The Audit and Control Committee shall report to the Board on the business transacted and the resolutions passed, informing the first Board of Directors held in plenary session after its meetings, of its activity and of the work done. Furthermore, a copy of the minutes of the Committee meetings shall be put at the Board members' disposal.

Composition

The Executive Committee of INDITEX, S.A., in the meeting held on 27 October 2000, appointed the members of the Audit and Control Committee, resolving thus its initial composition.

Said initial composition was ahead of the provisions subsequently included in the Stock Exchange Act, regarding the requirements that the Committee be formed by a majority of non-executive directors, and that the Chairman be elected amongst said non-executive directors.

The amendment to section 14 of the Board of Directors' Regulations resolved by the Board in its meeting of 12 June 2012 seeks, among other goals, to maintain a consistency yardstick regarding the composition of the Audit and Control Committee, adapting its wording to the contents of Recommendations of the Unified Good Governance Code of Listed Companies. Such Recommendations had already been put in practice by the Company.

Further to the resignation tendered on 12 June 2012 by Mr Francisco Luzón López to his offices as director and member of the Audit and Control Committee and of the Nomination and Remuneration Committee, it was resolved by the Board of Directors of the company on 17 July 2012, after report of the Nomination and Remuneration Committee, to appoint Mr José Arnau Sierra as ordinary member of the Audit and Control Committee. Further to the appointment of Mr Arnau Sierra, the number of independent directors sitting on the Audit and Control Committee remains way higher than the remaining non executive directors, as he is the only proprietary director in the Committee.

Finally, the maximum four-year term provided in Additional Provision Number Eighteen of the LMV having expired, and pursuant to the provisions of clauses 31 and 14 of the Articles of Association and of the Board of Directors' Regulations, respectively, it was resolved by the Board of Directors held on 11 December 2012, after favourable report of the Nomination and Remuneration Committee, to appoint Mr Juan Manuel Urgoiti López de Ocaña, an independent director, as new Chairman of said body, replacing Ms Irene R. Miller, the former Chairman thereof.

The composition of the Audit and Control Committee of INDITEX as at the year-end is shown below:

Chairman	Mr Juan Manuel Urgoiti López de Ocaña
Ordinary Members	Ms Irene Ruth Miller
	Mr Carlos Espinosa de los Monteros y Bernaldo de Quirós
	Mr Niels Smedegaard Andersen
	Mr José Arnau Sierra
	Mr Emilio Saracho Rodríguez de Torres
Secretary (non member)	Mr. Antonio Abril Abadín

A brief résumé of each member of the Audit and Control Committee is provided in section B.1.3 of the Annual Corporate Governance Report, which is part of this Annual Report 2012.

All the above referred members of the Audit and Control Committee are independent directors, except for Mr Arnau Sierra.

Sessions held and business transacted

Sessions held and business transacted

The sessions held by the Audit and Control Committee throughout FY2012 and the main business transacted are shown below:

DATE OF SESSION	BUSINESS TRANSACTED	REPORTS TO THE BOARD OF DIRECTORS	ATTENDANCE BY INDITEX'STAFF MEMBERS
02/22/2012	– External Audit Tender.		– Mr Ignacio Fernández Fernández, C.F.O. – Mr Carlos Crespo González, Internal Audit Director
03/19/2012	– Review of the annual accounts of the company. Review of the Annual Financial Report that the Board of Directors must provide to the market and its supervisory bodies. – Financial Division: issues of its remit. – Report on the tax policies followed during the fiscal year (Code of Good Tax Practices). – Meeting with the external auditors of the company. – Financial Division and Internal Audit: External Audit Tender. Proposal to be submitted to the Board of Directors regarding the appointment of external auditors. – Internal Audit: issues of its remit. – Annual Corporate Governance Report. – Half-yearly Report (August 2011 – January 2012) of the Code Compliance Supervisory Board (CCSB).	– Annual financial information (FY2011) – Annual Corporate Governance Report – Proposal for the appointment of a new external auditor	– Mr Ignacio Fernández Fernández, C.F.O. – Mr Carlos Crespo González, Internal Audit Director – Mr Javier Losada Montero, Planning and Management Control Director – Ms Belén Varela Nieto, Planning and Management Control Department – Mr Andrés Sánchez Iglesias, Tax Director – Ms Paula Mouzo Lestón, Internal Audit Department – Mr Antonio Abril Abadín, General Counsel and Secretary of the Board
06/11/2012	– Review of the periodic financial information that the Board of Directors must provide to the market and its supervisory bodies. – Internal Audit: analytical review of 1Q2012 results. – Deloitte: Introduction and External Audit transition plan. – Update of the Regulatory Compliance Framework: Corporate Compliance of the Inditex Group. – Financial Division and Internal Audit: internal control on financial information. Consolidation Scheme. – Import, Export and Transports Department and Customs Department: Customs Management. – Internal Audit: issues of its remit. – Preparation of the "Triple Report" on financial, social and environmental issues. – Annual Activities Report of the Audit and Control Committee (sec. 14.2.p) B.D.R.)	– 1H2012 financial information – Triple report: on financial social and environmental issues	– Mr Ignacio Fernández Fernández, C.F.O. – Mr Carlos Crespo González, Internal Audit Director – Ms Lorena Lema Carril, Internal Audit Department – Mr Antonio Abril Abadín, General Counsel and Secretary of the Board – Mr Javier Losada Montero, Planning and Management Control Director – Ms Lidia García Barreiro, Import, Export and Transports Department – Mr Fernando Pardo Ramallo, Customs
07/16/2012	– Update of the Regulatory Compliance Framework: Corporate Compliance of the Inditex Group. – Financial Division: issues of its remit.	– New regulatory compliance framework	– Mr Antonio Abril Abadín, General Counsel and Secretary of the Board – Mr José Manuel Romay de la Colina, Financial Management Director – Ms María Paz Trillo, Financial Management Department
09/17/2012	– Review of the periodic financial information that the Board of Directors must provide to the market and its supervisory bodies. – Meeting with the external auditors. – Internal Audit: issues of its remit – Half-yearly report (February - July 2012) of the Code Compliance Supervisory Board (CCSB).	– 1H2012 financial information	– Mr Ignacio Fernández Fernández, C.F.O. – Mr Carlos Crespo González, Internal Audit Director – Mr Antonio Abril Abadín, General Counsel and Secretary of the Board
12/10/2012	– Review of the periodic financial information that the Board of Directors must provide to the market and its supervisory bodies. – Internal Audit: analytical review of 3Q2012 results. – External auditors: Follow-up external audit transition and 2012 audit plan. – Financial Management: Foreign exchange risk – IT Department: Follow-up of projects and risks of the IT area. – Internal Audit: issues of its remit – Annual report of the Committee of Ethics on the enforcement of the Corporate Compliance regulations of the Inditex Group.	– 3Q2012 financial information	– Mr Ignacio Fernández Fernández, C.F.O. – Mr Carlos Crespo González, Internal Audit Director – Ms Lorena Lema Carril, Internal Audit Department – Mr Alberto Fernández Ferro, Internal Audit Department – Mr José Manuel Romay de la Colina, Financial Management Director – Ms María Paz Trillo, Financial Management Department – Mr Fernando de Bunes Ibarra, Financial Management Department – Mr Gabriel Moneo Marina, Director IT Division – Mr Julio Devesa Miramontes, IT Department – Mr Julio Fernández-Argüelles Lobato, IT Department – Mr Antonio Abril Abadín, General Counsel and Secretary of the Board – Mr Antonio Álvarez Sánchez, Environment Director – Mr Félix Poza Peña, Corporate Social Responsibility Director

Main lines of action

As for the lines of action of the Audit and Control Committee during FY2012, they have revolved around the following aspects:

Periodic financial information, annual accounts and auditors' report

The Audit and Control Committee reviews the economical and financial information of the company prior to the approval thereof by the Board of Directors.

To this end, prior to the drafting of the quarterly, half-yearly or annual financial statements, the Audit and Control Committee also meets with the Management of the Company to review the application of the accounting principles, estimations considered while preparing the financial statements, etc.

Likewise, the Committee, fully comprised of non executive directors, meets with the external auditors in order to review the annual accounts of the company and certain periodic financial information, ensuring that the legal requirements are met and that the accounting standards generally accepted are correctly applied.

In its meetings held on 19 March, 11 June, 17 September and 10 December 2012, the Audit and Control Committee proceeded to review thoroughly the results for FY2011 and for the first three quarters of FY2012, that the Board of Directors must provide quarterly to the market and to its supervisory bodies, in accordance with the format of the Public Periodic Information ("PPI"), and the pertaining Results Release and Press Release.

Likewise, the individual and consolidated Annual Accounts and Management Report and the Auditors´ Report for FY2011 were reviewed, it being verified by the Committee that the latter was unqualified.

Efficiency and independence of the Auditors

With the attendance of the session held on 19 March 2012 by the Auditors of the Group, who had been previously called to this end, the Audit and Control Committee reviewed the audit carried out during FY2011.

The assignment conducted by the auditors consisted of the audit of the consolidated financial statements of the Group as at 31 January 2012 and the audit of the individual financial statements of certain companies within the Group also as at 31 January 2012; likewise during FY2011 the auditors issued a limited review on the financial statements.

The major issues subject to a special analysis were also reviewed, pointing out different areas: international and national environment, accounting issues and other topics of less significance.

Appointment of the new Auditors

During fiscal year 2012, the external audit firm which renders service for INDITEX has changed. Thus, KPMG has ceased rendering audit services and has been replaced with Deloitte.

The screening process for the new audit firm, which commenced in FY2011, has been marked by a deep respect for the principles of efficiency and transparency and the Audit and Control Committee has played a major role therein, both as regards the approval of the audit tender and the election of the tenderer.

Thus, a formal process took place, involving four audit firms: KPMG, PricewaterhouseCoopers, Deloitte and Ernst&Young. The screening task was coordinated and managed by an internal working group, specially set up to discharge such duty, made up of eight members from different departments, including Chief Financial Office's Department and Internal Audit Department. Preliminary meetings were held with the bidding firms and the tender specifications and an information dossier about the company were circulated to them for the purposes of enabling a better knowledge of the company. The relevant bids were submitted within a preclusive deadline and were assessed by the above referred working group which submitted a proposal to the Audit and Control Committee. Such Committee, having previously considered and assessed the above referred proposal, gave a favourable report thereto and tabled it to the Board of Directors.

As a result of this screening process, Deloitte was elected – both by the Audit and Control Committee and by the internal working group- as the best bidder.

Internal Audit

Both the Director and other members of the Internal Audit Department and the external auditors attended the meetings of the Audit and Control Committee held throughout FY2012 and took the floor, since the internal audit was one of the key lines of action of the Committee during this fiscal year.

In the various meetings it held, the Committee went through several areas of its remit, such as the supervision of the Internal Audit Department and the approval of its budget, and the activities report of said Department.

Annual Corporate Governance Report

The Audit and Control Committee in its session of 19 March 2012 gave a favourable report to the Annual Corporate Governance Report for FY2011, drawn up as regards its format, contents and structure, pursuant

to the provisions of the Circular 1/2004, of 17 March, as amended by Circular 4/2007 of 27 December of CNMV, and it was resolved by the Committee to submit it to the Board of Directors for approval and to recommend the dissemination thereof through those means set forth in the prevailing legislation and regulations in force.

"Triple Report": financial, social and environmental

In the meeting held on 10 June 2012, the Committee gave a favourable report to the Sustainability Report also known as "Triple Report" for the year 2011, drawn up taking into account the guidelines, in the 2002 version, of the Sustainability Reporting Guidelines issued by the Global Reporting Initiative (GRI) and following the principles thereof. This is the eighth time this Triple Report has been published.

The Sustainability Report provides full information about the activities of INDITEX, S.A. and its corporate Group over the last years and especially in fiscal 2011, regarding the three major dimensions or areas of the Group: financial, social and environmental.

Annual Report of the Audit and Control Committee

The Committee drew up its ninth Activities Report showing the activities carried out by this body during FY2011.

Update of the Regulatory Compliance Framework: *Corporate Compliance* of the INDITEX Group

The approval of the new regulatory framework of the INDITEX Group addresses three major needs: meeting the new requirements laid down in the Spanish Criminal Code further to the reform thereof resulting from *Ley Orgánica* 5/2010, of 22 June; updating the standard for regulatory compliance and improving the risks management and control system in this field.

Below is the list of the internal regulations which, having received first the favourable report of the Audit and Control Committee, were subsequenty approved by the Board of Directors:

- The Code of Conduct and Responsible Practices, which revises and consolidates in a single document both the "Code of Conduct" and the "Internal Guidelines for Responsible Practices" which were approved by the Board of Directors in 2001 and 2006 respectively. This Code has a double goal: (i) to set forth the general principles for ethical behaviours, and (ii) to lay the grounds of the system for criminal risks prevention.
- The Code of Conduct for Manufacturers and Suppliers. This document defines the minimum standards for an ethical and responsible behavior which must be met by manufacturers and suppliers in the course of their business.
- The Manual on Criminal Risks Prevention, whereby the action lines and conducts which govern INDITEX's business are defined and which adapts the existing control systems for the purposes of preventing the commission of any new crimes as defined in the Criminal Code, further to the enactment of *Ley Orgánica* 5/2010, of 22 June.
- The Whistle Blowing Channel Procedure, which aims at detecting and preventing any irregular or unlawful behaviour which may jeopardize INDITEX's reputation.
- The Regulations of the Committee of Ethics which govern the main features and the proceedings of the Committee of Ethics, the internal body which assists the Audit and Control Committee for the purposes of supervising compliance with the action lines and standards of behaviour covered in the Code of Conduct and Responsible Practices, the Code of Conduct for Manufacturers and Suppliers and the Manual on Criminal Risk Prevention.

Review of the Annual Report of the Committee of Ethics

In the course of its last meeting of the year, the Audit and Control Committee reviewed and approved the Annual Report of the Committee of Ethics. This report becomes especially significant in FY2012 as this is the first report after the approval in July 2012 of the new regulatory framework of the INDITEX Group.

Such report addresses, among other things, the reports filed with the Committee of Ethics as of 1 December 2011, with a break- down of the grounds thereof and of the proceedings carried out by the Committee, and the contents of its resolutions, the proceedings and results of the supervision of the Manual on Criminal Risks Prevention, and the actions to implement *Corporate Compliance*.

Review of the reports of the Code Compliance Supervisory Board and Code Compliance Office

The Audit and Control Committee has reviewed the quarterly reports drawn up by the Code Compliance Office on the incidences occurred with regard to the compliance with the Internal Regulations of Conduct Regarding Transactions in Securities (IRC), pursuant to the provisions of section 10.2.4 thereof, as well as the half-yearly reports drawn up by the Audit and Control Committee on the measures taken to promote the knowledge and guarantee the enforcement of the provisions of the IRC, in accordance with the provisions of section 10.1.4 thereof.

Main relationships of the Audit and Control Committee

With the Annual General Meeting of Shareholders

The Chairman of the Audit and Control Committee is available to the shareholders at the Annual General Meeting in order to address those questions therein raised by the same with regard to matters within its remit, pursuant to the provisions of the Law, the Articles of Association and the Board of Directors´ Regulations.

With the Board of Directors

At the beginning of each session of the Board of Directors, the Chairman of the Audit and Control Committee reports on the main business transacted in the last meeting of the Committee.

With the Chairman and Chief Executive Officer and the Senior Management

The Committee encourages the appearance in its sessions of the Chief Executive Officer and of the senior managers and officers of the Company to explain their view on certain issues directly linked with the field of responsibility of the Committee and which are recurrent.

With the General Counsel's Office

The General Counsel and Secretary of the Board, in his capacity as Code Compliance Officer also, periodically informs the Audit and Control Committee on the degree of compliance with the

Internal Regulations of Conduct regarding Transactions in Securities and, in general, on the degree of enforcement of the rules of the company on corporate governance.

With the Internal Audit Department

The Internal Audit is a centralized function included in the current organizational structure by means of a direct link to the Board of Directors to which it is functionally subordinated through the Audit and Control Committee.

The Director of the Internal Audit Department is responsible for the Internal Audit function.

The Director of the Internal Audit Department regularly reports to the Committee, which is the main recipient of the results achieved by the Internal Audit function, about the assignments performed in the various fields of the auditing activity.

On the other hand, the Audit and Control Committee supervises the Internal Audit Department, approving its budget, the Internal Audit Plan, the annual activities report and the resources of the Department to carry out its tasks as well as the contents of its acts.

With external auditors

The relationship of the Board of Directors of the Company and the external auditors of the Group is channelled through the Audit and Control Committee, pursuant to the provisions of section 43 of the Board of Directors' Regulations.

External auditors attend the meetings of the Committee wherein the Periodic Financial Information which the Board of Directors needs to approve and disclose on a half-yearly basis is subject to review.

In addition, the Committee proposes to the Board of Directors the appointment of the external auditors, the terms for their hiring, the scope of their professional mandate and their revocation or non renewal; it liases with them; it supervises the enforcement of the audit contract; it evaluates the results of each audit and supervises the terms and enforcement of those contracts entered into with the auditors for the performance of assignments other than those covered by the audit contract, pursuant to the provisions of section 14 of the Board of Directors' Regulations.

NOMINATION AND REMUNERATION COMMITTEE

Preliminary

The Board of Directors of INDUSTRIA DE DISEÑO TEXTIL, S.A. (INDITEX, S.A.) (hereinafter, INDITEX) has been amending its rules on corporate governance in line with the most demanding trends on the subject and in accordance with the good governance codes and, where appropriate, the regulations approved on this matter. Amongst said adjustments and amendments are those affecting the Board of Directors´ Regulations, out of which those aimed at enhancing the tasks of the Nomination and Remuneration Committee, either by extending its duties or by allocating new ones thereto, shall be stressed.

This document, drawn up by the Nomination and Remuneration Committee in the session held on 10 June 2013, is the eighth annual activities report and it describes the activities carried out by the Nomination and Remuneration Committee through 31 January 2013, fiscal 2012 year-end.

The Nomination and Remuneration Committee of Inditex: origin and evolution, regulations and composition

Origin and evolution

The Board of Directors of INDITEX held on 20 July 2000, approved the Board of Directors' Regulations in order to adjust to the guidelines of the report drawn up by the Special Commission for the study of an Ethics Code for corporate governance (the "Olivencia Code").

Section 15 of said Regulations established the Nomination and Remuneration Committee, entrusting it with the relevant duties pursuant to the above mentioned Olivencia Code.

Subsequently, in its meeting of 20 March 2003, the Board of Directors resolved:

1) To propose to the General Meeting of Shareholders the amendment of the Articles of Association, through a new wording of article 32, in order to include the regulation of the Nomination and Remuneration Committee.

2) To approve the amendment of the Board of Directors´ Regulations, clarifying and harmonising some of the duties of the Committee.

Subsequently, it was resolved by the Board of Directors in its meeting held on 10 June 2004, to approve a new Revised Text of the Board of Directors' Regulations, whereby the duties of the Nomination and Remuneration Committee were enhanced, with the inclusion of the requirement for the Committee to give a report on the employment agreements of the personnel that include guarantee clauses or severance agreements, before they are subscribed.

Afterwards, the Board of Directors held on 11 December 2007 approved a new Revised Text of the Board of Directors´ Regulations in order to adjust the contents thereof to the Recommendations of the Unified Code. Further to this amendment, the duties of the Nomination and Remuneration Committee are enhanced as it assumes the Recommendations provided by the Unified Code on this issue.

Regulations

The amendment to the Board of Directors' Regulations, approved by the Board in the meeting held on 13 July 2010, aimed at adjusting such regulations to the Articles of Association and extending the maximum number of members of the Audit and Control Committee and the Nomination and Remuneration Committee.

Finally, the Board of Directors' Regulations were amended in the meeting held by the Board last 12 June 2012 for the purposes of encompassing, among others, recommendations number 44 and 54 of the Unified Good Governance Code of Listed Companies, and extending the remit of the Nomination and Remuneration Committee.

Section 32 of the Articles of Association currently in force, as amended further to a resolution passed by the Annual General Meeting of Shareholders held on 17 July 2012, provides as follows:

Section 32.- Nomination and Remuneration Committee

1. A Nomination and Remuneration Committee shall be formed within the Board of Directors, made up of a minimum of three and a maximum of seven non-executive directors, a majority of whom shall be independent directors.

For such purposes, independent directors are understood as those that meet the requirements referred to under the second paragraph of section 31.1.

2.- The Chairman of the Nomination and Remuneration Committee shall be appointed by the Board of Directors out of its independent members.

3.- Without prejudice to any other tasks that it might be assigned from time to time by the Board of Directors, the Nomination and Remuneration Committee shall have at least the following basic responsibilities:

(a) To report on the proposals to appoint directors prior to their appointment by the General Meeting of Shareholders or, where appropriate, by the Board of Directors through the co-option procedure;

(b) To report on the appointment of the internal offices (Chairman, Deputy Chairman(s), CEO, Secretary and Deputy Secretary) of the Board of Directors

(c) To propose to the Board the members that must form part of each one of the Committees;

(d) To draw up and review the criteria that must be followed for the selection of the senior management of the Company and to report on the appointment or removal of the managers reporting directly to the Board of Directors, including the CEO.

(e) To report annually to the Board on the assessment of the performance of the senior management of the Company, especially of the CEO and his remuneration;

(f) To report on the systems and on the amount of the annual remuneration of directors and senior management and to prepare the information to be included in the annual public information regarding the remuneration of the directors.

4.- The Nomination and Remuneration Committee shall meet, ordinarily, once a year, in order to prepare the information on the remunerations of the Directors, that the Board of Directors must approve and include in the public annual documents. Moreover, it shall meet each time that the Board or its Chairman requests the issuing of a report or the adoption of proposals within the scope of its competences and, in any case, whenever it is thought fit for the successful performance of its functions.

5.- The request for information addressed to the Nomination and Remuneration Committee shall be made by the Board of Directors or its Chairman. Likewise, the Committee must consider the suggestions made by the Chairman, Directors, senior management or the shareholders of the Company.

6.- The Board of Directors may develop and complete the above-referred rules in its Regulations, pursuant to the provisions of the Articles of Association and of the Law.

Meanwhile, section 15 of the Board of Directors' Regulations, as amended further to a resolution of the Board passed during the meeting held on 12 June 2012, reads as follows:

Section 15 - The Nomination and Remuneration Committee

1. The Nomination and Remuneration Committee shall be made up of a number of non-executive directors being no less than three and not greater than seven, most of whom shall be independent directors. The Chairman of the Nomination and Remuneration Committee shall be appointed out of its independent members.

2. Without prejudice to other tasks that are assigned to it by the Board and to the remaining duties reserved to it by these Regulations, the Nomination and Remuneration Committee shall have the following basic responsibilities, which are:

(a) To draw up and check the criteria that must be followed for the composition of the Board of Directors in addition to selecting the candidates;

(b) To advise on the proposals for nominations of directors and, in case of independent directors, to submit said proposals to the Board of Directors for approval, prior to the nomination by the General Meeting of Shareholders or, where appropriate, by the Board of Directors for the co-optation procedure.

(c) To advise on the nomination of the internal offices of (Chairman, Deputy Chairman, CEO, Secretary and Vice-Secretary) of the Board of Directors.

(d) To propose to the Board the members that must form part of each one of the Committees.

(e) To advise on the appointment and dismissal of senior managers as proposed by the chief executive to the Board of Directors.

(f)To annually advice the Board on the evaluation of the performance of the chief executive of the Company, and also of the Nomination and Remuneration Committee itself.

(g) To propose the remuneration policy for directors and senior managers to the Board, and to ensure compliance with the remuneration policy set forth by the Company.

(h) To report to the Board, before it holds its meeting, on those contracts of the personnel that include golden-parachute clauses, for those cases that imply dismissal or changes in control.

(i) To prepare and submit to the Board of Directors for approval the annual report on directors´ compensation.

(j) To advise in relation to the transactions that involve or may involve conflicts of interest, the transactions with related persons or those transactions that imply the use of corporate assets and, in general, about the matters included in Chapter IX of these Regulations.

(k) To draw up and keep up to date a contingency plan to fill in the vacancies of key positions within the Company and its Group.

(l) To ensure that when filling up any new vacancies and when appointing new Directors the recruitment process should conform to the prohibition of any manner of discrimination.

(m) To propose to the Board the individual remuneration of executive directors and the remaining terms and conditions of their employment agreements.

3. Requests for information addressed to the Nomination and Remuneration Committee shall be made by the Board of Directors or its Chairman. Likewise, the Committee must consider the suggestions made

4. The Nomination and Remuneration Committee shall meet each time that the Board or its Chairman requests the issuing of a report or the adoption of proposals within the scope of its competences and, in any case, whenever is suitable for the successful performance of its functions. In any event, it shall meet once a year to prepare the information about the directors' remuneration that the Board has to approve and to include in its annual public documentation.

5. The Nomination and Remuneration Committee shall report to the Board on the business transacted and the resolutions passed, informing the first Board of Directors held in plenary session after its meetings, of its activity and of the work done. Furthermore, a copy of the minutes of the Committee meetings shall be put at the Board members' disposal.

Composition

The Executive Committee of INDITEX, S.A., in the meeting held on 27 October 2000, appointed the members of the Nomination and Remuneration Committee, resolving thus its initial composition.

The amendment to section 15 of the Board of Directors' Regulations resolved by the Board in its meeting of 12 June 2012 seeks, among other goals, to maintain a consistency yardstick regarding the composition of the Nomination and Remuneration Committee, adapting its wording to the contents of Recommendation 54 of the Unified Good Governance Code of Listed Companies. Such Recommendation had already been put in practice by the Company.

Further to the resignation tendered on 12 June 2012 by Mr Francisco Luzón López to his offices as director and member of the Audit and Control Committee and of the Nomination and Remuneration Committee, it was resolved by the Board of Directors of the company on 17 July 2012, after report of the Nomination and Remuneration Committee, to appoint Mr José Arnau Sierra as ordinary member of the Nomination and Remuneration Committee. Further to the appointment of Mr Arnau, the number of independent directors sitting on the Nomination and Remuneration Committee remains way higher than the remaining non executive directors, as he is the only proprietary director in the Committee..

The composition of the Nomination and Remuneration Committee of INDITEX as at year-end is shown below:

Chairman	Mr Carlos Espinosa de los Monteros Bernaldo de Quirós
Ordinary Members	Ms Irene Ruth Miller
	Mr Nils Smedegaard Andersen
	Mr José Arnau Sierra
	Mr Emilio Saracho Rodríguez de Torres
	Mr Juan Manuel Urgoiti López de Ocaña
Secretary (non member)	Mr Antonio Abril Abadín

A brief résumé of the directors sitting on the Nomination and Remuneration Committee is provided in section B.1.3 of the Annual Corporate Governance Report, which is part of this Annual Report 2012.

All the above referred members of the Nomination and Remuneration Committee are independent directors, except for Mr Arnau Sierra.

Activities of the Nomination and Remuneration Committee

Sessions held and business transacted

The sessions held by the Nomination and Remuneration Committee throughout FY2012 and the main business transacted are shown below:

DATE OF SESSION	BUSINESS TRANSACTED	REPORTS TO THE BOARD OF DIRECTORS	ATTENDANCE BY INDITEX'STAFF MEMBERS
03/19/2012	– Placement of Board member's office at the Board of Directors' disposal. – Report regarding the long term Incentive Plan.	– Proposal regarding continuance in office of a Director	– Ms Begoña López-Cano Ibarreche, HHRR Director – Mr Ignacio Fernández Fernández, C.F.O.
06/11/2012	– Proposal for the re-election of Board member – Annual report on Directors' compensation. – Report on the remuneration of senior managers of the Inditex Group – Annual Activities Report of the Nomination and Remuneration Committee. – Report on co-opted new member of the Board of Directors and acknowledgement of the resignation of the lead director.	– Proposal for the re-election of Director – Annual Compensation Report – Proposal for the appointment of a new Director	– Ms Begoña López-Cano Ibarreche, HHRR Director – Mr Miguel García Mosquera, HHRR Department
07/16/2012	– Resignation of the Deputy Chairman and appointment of a new Deputy Chairman – Appointment of a member of the Audit and Control Committee and of the Nomination and Remuneration Committee. – Appointment of an independent Lead director. – Remuneration of the Chairman and Chief Executive Officer	– Proposal for the appointment of a new Deputy Director – Proposal for the appointment of a new member of the Audit and Control Committee and of the Nomination and Remuneration Committee – Proposal for the appointment of an independent Lead Director	
09/17/2012	– Acknowledgement of the resignation tendered by the current Deputy Secretary of the Board of Directors and proposal to appoint a new Deputy Secretary of the Board of Directors. – Transactions with related parties.	– Proposal for the appointment of a new Deputy Secretary of the Board	
12/10/2012	– Assessment of the performance of the Board of Directors, the Supervision and Control Committees and the performance of duties by the Chief Executive Officer.- Report on the appointment of the Chairman of the Audit and Control Committee (Additional Provision No. 18 of the Stock Exchange Act). – Transactions with related parties. – Report of the Human Resources Department	– Proposal for the appointment of the Chairman of the Audit and Control Committee	– Ms Begoña López-Cano Ibarreche, HHRR Director – Ms Belén Montnegro Borrás, HHRR Department – Ms Virginia Galdeano Nicolás, HHRR Department – Ms Eva Ferreiro Figueiras, HHRR Department

Lines of action

As for the lines of action of the Nomination and Remuneration Committee during FY 2012, they have revolved around the following aspects:

Appointments within the Company

During the meeting held on 16 July 2012, the Committee gave a favourable report to the appointment of Mr José Arnau Sierra as Deputy Chairman of the Board of Directors, further to the resignation turned in by the former Deputy Chairman, Mr Carlos Espinosa de los Monteros Bernaldo de Quirós, and to the appointment of this latter as independent lead director.

During the meeting of the Nomination and Remuneration Committee dated 17 September 2012, a favourable report was given to the appointment of Mr Santiago Martínez-Lage Sobrado as Deputy Secretary of the Board of Directors, further to the resignation turned in by the former Deputy Secretary, Mr Javier Monteoliva Díaz.

Re-election of Directors

In compliance with the provisions of the Board of Directors´ Regulations, the Committee proposed and issued the relevant reports, on the re-election of Directors and on the appointment of internal offices within the Board of Directors.

With this respect, the Committee, in the meeting held on 11 June 2012, with the abstention of the interested party, proposed the submission by the Board of Directors to the Annual General Meeting of Shareholders, of the relevant proposal on the re-election of GARTLER, S.L.

(represented by Ms Flora Pérez Marcote), as member of the Board of Directors.

Assessment of the Governing bodies

Pursuant to the Recommendations of the Unified Good Governance Code of listed companies, and to the provisions of the Board of Directors' Regulations, the Committee reviewed in its meeting held on 10 December 2012, the assessment of the performance of the Board of Directors, of the Supervision and Control Committees (Audit and Control Committee and Nomination and Remuneration Committee), and of the first executive, in accordance with the assessment methodology previously approved.

Report on Directors' Compensation

Likewise, pursuant to the provisions of section 61 ter of the Stock Exchange Act and to the Recommendations of the Unified Good Governance Code of Listed Companies, the Committee held on 11 June 2012 approved the Annual Report on Directors' Compensation for FY2011, addressing inter alia, the remuneration of directors and any other relevant terms of the employment agreements of those who discharge senior management duties as executive directors. The Committee submitted such report to the Board of Directors for approval. It was approved by the Board of Directors dated 12 June 2012. Subsequently, said report was submitted to the advisory say on pay vote of the Annual General Meeting of Shareholders last 17 July 2012, as a separate item of the Agenda.

Main relationships of the Nomination and Remuneration Committee

With the Board of Directors

At the beginning of each session of the Board of Directors, the Chairman of the Nomination and Remuneration Committee reports on the main business transacted in the last meeting of the Committee.

With the Chairman and Chief Executive Officer and the Senior Management

The Committee encourages the appearance in its sessions of the Chairman and Chief Executive Officer and of the senior managers and officers of the Company to explain their view on certain issues directly linked with the field of responsibility of the Committee and which are recurrent.

With the Human Resources Department

In order to keep the Nomination and Remuneration Committee duly informed, the Human Resources Division regularly informs the Committee on the changes, if any, in the global remuneration systems, the market researches on the pay of Senior Management, the annual pay adjustments and the review of the adjustment guidelines for each country, a summary of the annual adjustments carried out and the global programs for the detection and development of potential in the matter of personnel, and succession plans.

SUSTAINABILITY BALANCE SHEET

Consolidated sustainability balance sheet

SUSTAINABILITY INDICATORS	2012	2011
Suppliers		
Number of suppliers with purchases*	1,434	1,490
No. of A suppliers	525	573
No. of B suppliers	617	501
No. of C suppliers	157	183
No. of CAP suppliers	72	122
No. of PR suppliers	63	111
No. of discarded suppliers	86	92
No. of active suppliers	1,348	1,398
Number of social audits	3,513	2,379
Number of initial audits	2,013	818
Number of follow-up audits	608	267
Number of special audits	892	1,294
No. of external audits	2,537	1,698
No. of internal audits	976	681
Number of joint Inditex-IndustriALL interventions	3	3
Customers		
No. attendees at internal buyer training programmes	603	678
No. of chemical analyses	>1,400,000	>250,000
Environment		
Electricity consumption head offices and factories	26,449,823 kWh	24,037,190 kWh
Renewable energy generation and tri-generation	26,626,548 kWh	27,983,726 kWh
CO_2 emissions per garment released on the market**	361.95 gCO_2e/ garment	374.66 gCO_2e/ garment
Waste generation per garment released on the market	12.90 g/garment	13.68 g/garment
Community* **		
Number of direct beneficiaries****	740,475	na
Social investment (euros)	21,345,481	na
Number of non-profit organisations supported	394	na
Number of social action projects undertaken	494	na
Number of garments donated to social causes	615,404	na
Total no. of hours given by employees in working hours to social causes	19,320	na
No. of Social Council meetings	3	3
Employees		
Total number of employees	120,314	109,512
% women	78.7%	79.50%
% men	21.3%	20.50%
Total sustainability team	2,701	2,023
Internal team	80	62
External team	2,621	1,961
Shareholders		
Dow Jones Sustainability Indexes score	81/100	85/100
FTSE4Good score	4.3/5	4.3/5

* Inditex has modified the scope of this indicator with respect to the previous year. The 2012 financial year presents the qualification data for suppliers with purchases in the year and not with respect to those active at year-end, as in the 2011 Report. Thus, the data for the previous year, including the discarded suppliers in 2011, have been reformulated to facilitate comparability of information. Suppliers of fashion items, essentially clothing, footwear and accessories.

** Includes emissions for scopes 1 and 2.

*** This section does not include the comparative data with respect to previous years, due to the application in 2012 of a new methodology for managing and assessing contributions to community initiatives.

**** Figure corresponding to the number of beneficiaries from social investment projects that involve a long-term commitment to the community. This figure does not include beneficiaries of one-off contributions to social causes.

Environmental indicators

The Inditex system of indicators shows the environmental impact of the Group in terms of consuming natural resources, using energy, generating waste and generating atmospheric emissions. These indicators are expressed by number of garments released on the market. This reflects the efficiency of all areas of the Company (manufacturing, head office, chain head offices, logistics centres and stores). These relative indicators show that greenhouse gas (GHG) emissions have been significantly reduced, thus reflecting the success in integrating innovative environmental management into all phases of the business. The scope of the indicators includes Inditex's own premises in Spain and all the stores owned by the Group worldwide.

The guidelines of the Intergovernmental Panel on Climate Change, IPCC (Guidelines for National Greenhouse Gas Inventories, 2007) and the World Resources Institute GHG Protocol (2008) are used to calculate GHG emissions. The following emission factors have been used for the different types of energy:

- Natural gas: 0.2025 Kg CO_2eq/kWh
- Diesel: 2.6919 Kg CO_2eq/kWh
- Electricity from the grid: 0.300 Kg CO_2eq/kWh

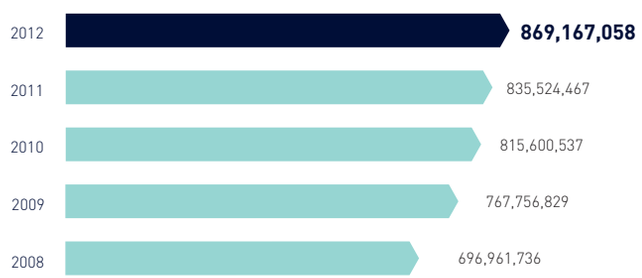
The emission factors applied to natural gas and diesel come from the GHG Protocol for Stationary Combustion v.4.0 by the World Resources Institute. The electricity emission factor comes from the Catalan Office for Climate Change and corresponds to the emissions associated with the Spanish electrical mix in 2012.

The values used in the ratios are the following:

Ratio= (absolute value of the year/number of garment released on the market during the year) x 1000.

The environmental indicator system includes data from 1 February 2012 to 31 January 2013, except for waste generation, which refers to the calendar year. This resolves the discrepancy with previous years between the sustainability balance sheet and the Inditex tax year.

Garments released on the market*

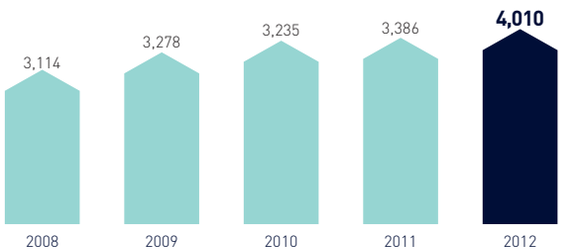


* Garments released on the market through all the stroes, both owned and franchised.

Energy consumption

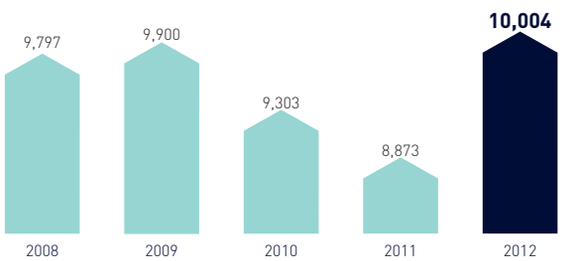
Overall energy consumption of Inditex Group facilities, expressed in Terajoules (TJ), comes from the use of fossil fuels (natural gas, propane and diesel) and electricity from the grid. It includes energy consumption from all factories, head office, chain head offices, logistics centres and stores. It does not include diesel consumption pertaining to logistics activities carried out by external operators (scope 3). The scope of the indicators includes Inditex's own premises in Spain and all the stores owned by the Group worldwide.

Overall energy consumption (TJ)*



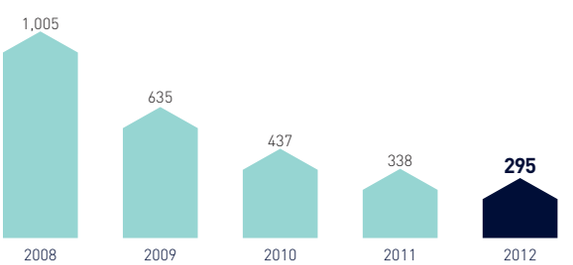
* The overall energy consumption has been updated to consider the density of diesel at 15 ºC as 0.832 kg/litre.
Source: European Commission, Joint Research Centre, 2007.

Overall natural gas consumption (toe)*



The increase in natural gas consumption in 2012 over previous years and the decrease in diesel consumption is mainly due to switching several boilers from diesel to natural gas, the elimination of existing LPG tanks and the opening of the Massimo Dutti office building and logistics centre.

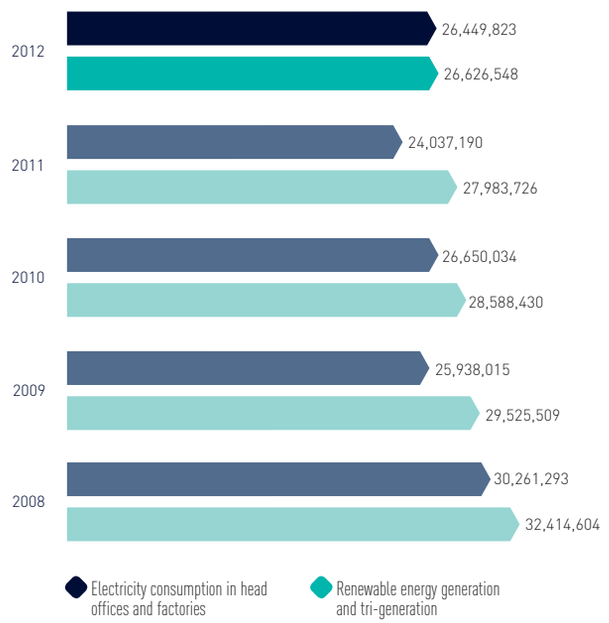
Overall diesel consumption (toe)*,**



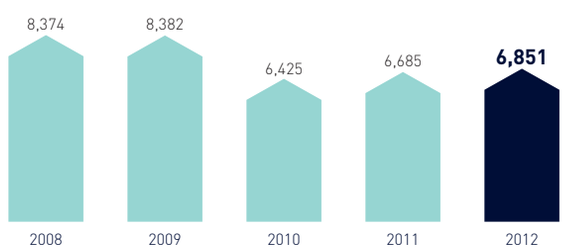
In head offices and factories

The energy consumption scheme permits the combination of different energy sources including renewable energies. Tri-generation plants consisting of heating and process boilers, solar panels and wind generators now make up more than 50% of the energy provided at the central office and factories.

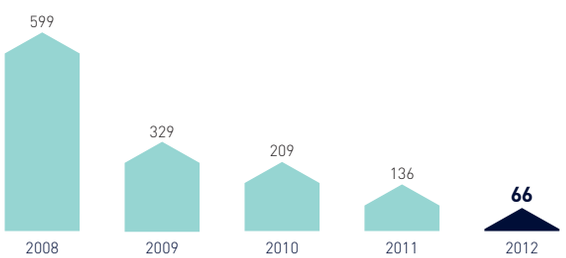
In head offices and factories (kWh)



Natural gas consumption (toe)*,**



Diesel consumption (toe)*,**

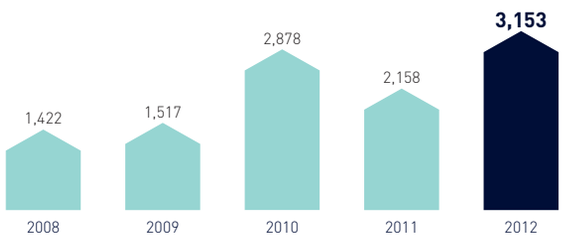


The increase in natural gas consumption in 2012 over previous years and the decrease in diesel consumption is mainly due to switching several boilers from diesel to natural gas.

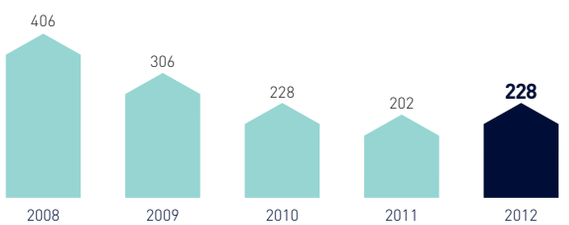
Logistics and transport centres

All the garments manufactured by Inditex are distributed from the logistics centres in Spain. During recent years, Inditex has increased automation for distribution operations at the logistic centres. Consequently, there has been an increase in electricity consumed per garment released on the market (Wh/garment). In order to progress in the objective of reducing green house gases per garment compared to 2005, energy efficiency initiatives for logistics centres will be implemented in logistics centres as part of the 2011-15 Strategic Plan.

Natural gas consumption (toe)*



Diesel consumption (toe)*,**



** Diesel consumption, expressed as toe, has been updated to consider the density of diesel at 15 ºC as 0.832 kg/litre. Source: European Commission, Joint Research Centre, 2007.

The increase in natural gas consumption in 2012 over previous years is mainly due to the opening of the Massimo Dutti office building and logistics centre.

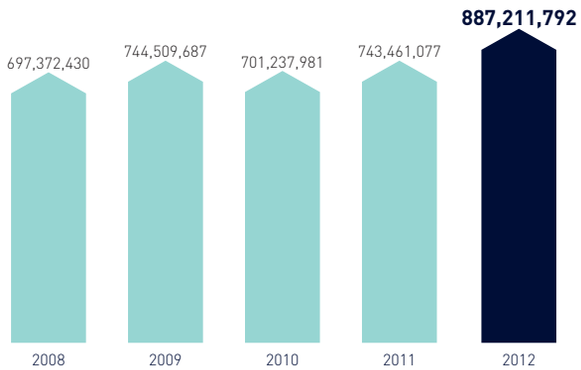
* 1 tonne of oil equivalent (toe) = 41.868 GJ
10^3 m^3 of Gas Natural = 0.9315 toe
1 tonne of diesel = 1.035 toe

** The overall diesel consumption, expressed as toe, has been updated for all the years to consider the density of diesel at 15 ºC as 0.832 kg/litre. Source: European Commission, Joint Research Centre, 2007.

Stores

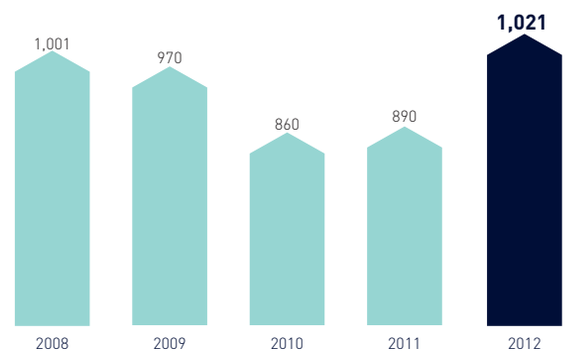
Electricity consumption at stores is without doubt very significant, hence a great deal of effort has been made to continue improving the eco-efficient store model. The objective is to achieve a reduction in electricity consumption per garment of 20% before 2020. This year, due to the adverse weather conditions and the work of refurbishing existing stores, the relative consumption in Wh per garment increased 14.69% over the previous year, and 1.97% over the level five years ago.

Electrical consumption in stores (kWh)*



* Electricity consumption in stores is obtained using €0.178 7kWh as the average price of electricity.in Europa-27 (Eurostat, 2011).

Relative electricity consumption by Wh/garment



Inditex Greenhouse Gas Emissions (GHG)

The Group's GHG emissions are calculated and reported following the international directives of the World Resources Institute (GHG Protocol, 2004) and the Intergovernmental Panel on Climate Change (Guidelines for National Greenhouse Gas Inventories, 2007). The GHG emissions inventory includes direct and indirect emissions for the period beginning 1 February 2012 to 31 January 2013.

This year, for the first time, a new activity is reported in the optional emissions *(scope 3)*: GHG emissions associated with electricity consumption in franchised stores. For this reason, total emissions this year are not comparable to those in previous years, hence the total emissions comparison and the data history for this new category are not presented.

A data history based on each of the scopes considered by the GHG Protocol is presented below.

– *Scope 1:* Direct emissions. These are GHG emissions associated with sources under the Inditex Group's control. It includes:

  - Emissions from combustion in boilers, machinery and vehicles
  - Emissions pertaining to processes
  - Emissions escaping from equipment or installations

  Scope 1 includes the direct emissions from the following installations:

  - Head office and all chain head offices (Pull&Bear, Maximo Dutti, Stradivarius, Oysho, Bershka, Zara Home, Tempe, Zara, Uterqüe)

  - All Group factories (Goa, Fios, Indipunt, Jema, Samlor, Stear, Denllo, Sabón, Inditex cogeneración)

  - All logistics centres (Pull&Bear, Stradivarius, Tordera Logistics Centre, Bershka Logistics Centre, Sabón Logistics Centre, León Logistics Platform, Europa Platform, Meco Logistics Platform and Tempe Logistics Centres).

– *Scope 2:* Indirect emissions. Emissions associated with the generation of electricity or thermal energy the Inditex Group buys. For its calculation, GHG emissions from the head office, chain offices, all Group factories, all logistics centres and all stores were accounted for.

– *Scope 3:* Optional scope that includes indirect emissions associated with the goods and services production chain. This year include emissions associated with the transport of garments from logistics centres stores by external logistics operators (truck, short-, medium- and long-haul flights and ship), as well as emissions associated with electricity consumption in franchise stores.

Scope 3 emissions detail

We calculate the GHG resulting from distribution and logistics operations carried out by external logistics operators based on the vehicles used to transport the product *(scope 3)*. These calculations are based on the weight of the product shipped and the number of kilometres travelled by each mode of transport. The following emission factors, as proposed by GHG Protocol, are used:

– Kg of CO_2/km truck=0.8678 kg

– Kg CO_2 /tonne and km short-haul flight(<463km)= 1.96073

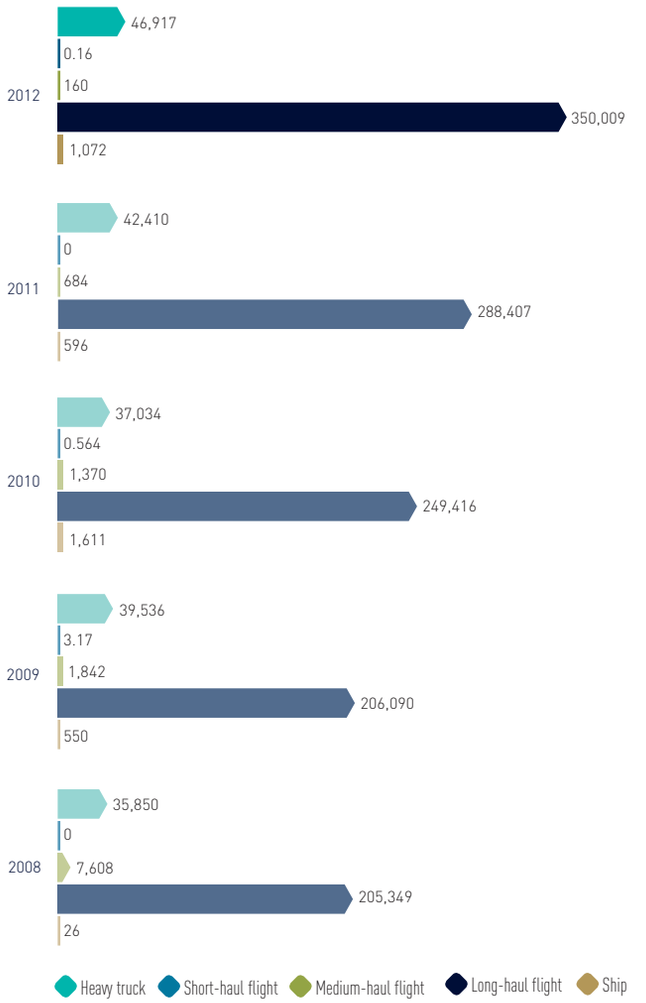
– Kg of CO_2/tonne and km medium-haul flight (between 463 and 1108 km) = 1.47389

– Kg of CO_2/tonne and km medium-haul flight (between 463 and 1108 km) = 0.61324

– Kg of CO_2/km ship=0.0079

– The general increase in GHG emissions in transport in recent years is due to the increase in product released on the market. On this point, attention should be drawn to the increase in emissions caused by so-called long-haul flights (> 1,108 km), due to the growth in product exports to countries such as China.

GHG emissions by type of transport used (t CO_2eq)



Inditex greenhouse gas emissions (GHG)

	2008	2009	2010	2011	2012
Scope 1 (t CO_2e)	25,182	24,591	22,870	21,919	24,479
Scope 2 (t CO_2e)	291,486	310,635	309,602	291,413	290,120
Scope 3 - Transport (t CO_2e)	248,833	248,021	289,431	332,097	398,158
Scope 3 - Franchises (t CO_2e)	-	-	-	-	34,654*
Number of garments released on the market	696,961,736	767,756,829	815,600,537	835,524,467	869,167,058
g CO_2e per garment released on the market**	454.35	436.63	407.64	374.66	361.95

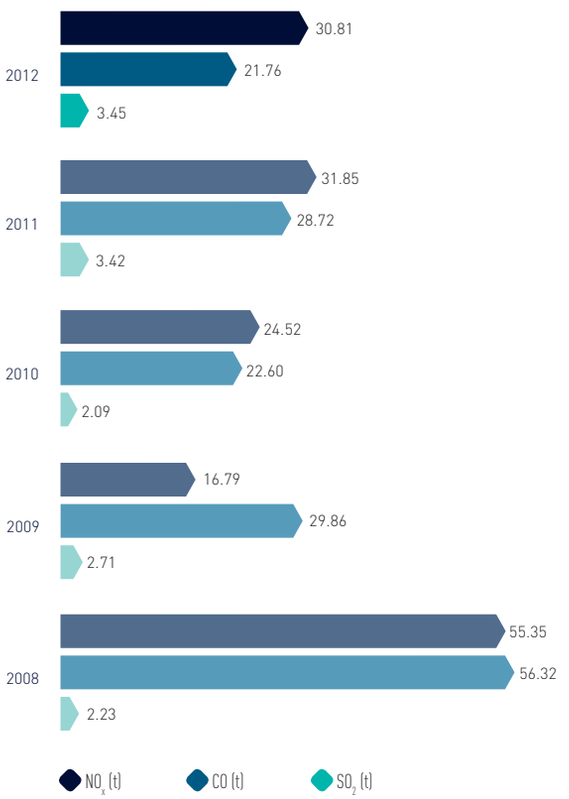
* New to this year is the inclusion in scope 3 of emissions associated with electricity consumption in franchised stores.
** The efficiency ratio includes the emissions associated with the Group's operations (scope 1 and 2). The optional emissions (scope 3) are not comparable with previous years as new sources of emission have been included.

Other atmospheric emissions

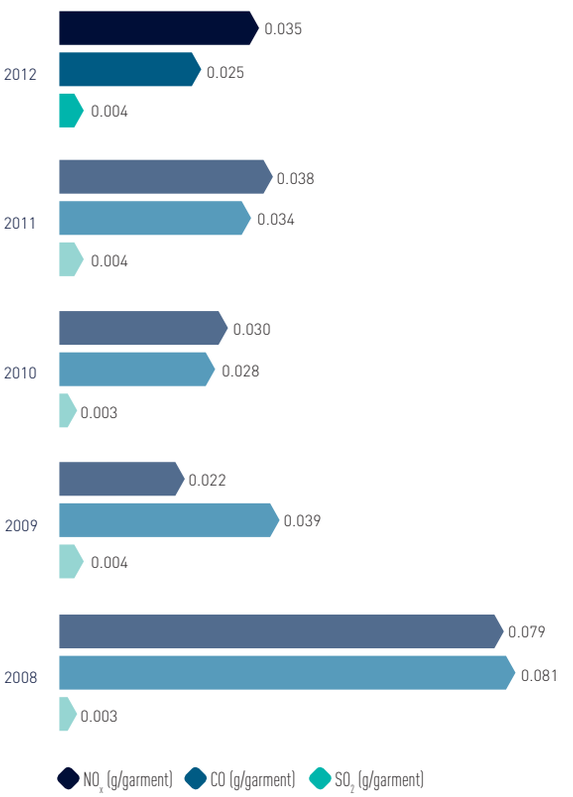
Annual change in other atmospheric emissions from factories and logistics centres

This includes the head office, all Inditex factories, the chain head offices and logistics centres. All emission sources undergo regular controls by an authorised inspection body, all in accordance with the parameters established by current legislation.

Total atmospheric emissions (t)



Other atmospheric emissions (g/garment)

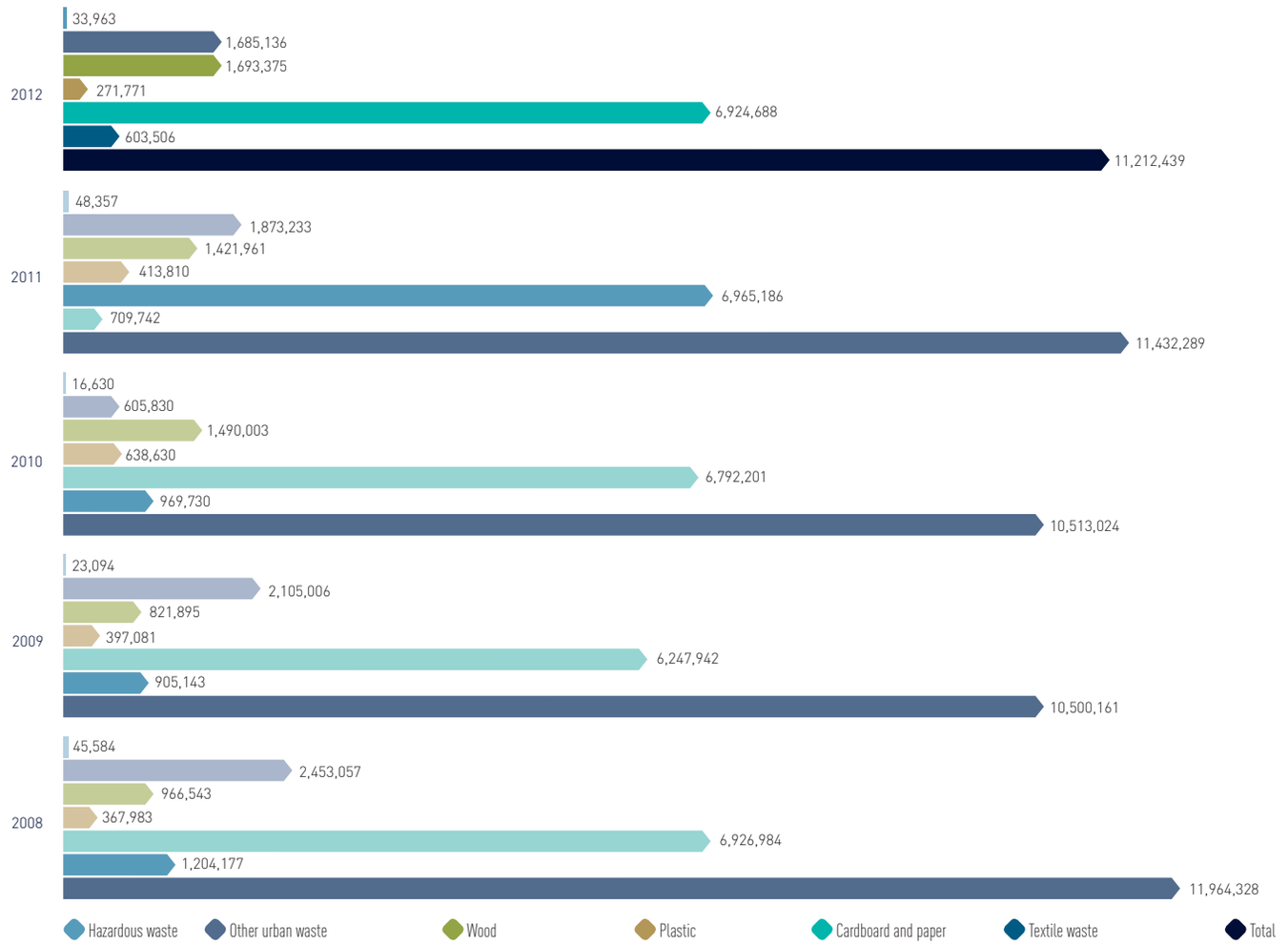


Waste generation and management

Thanks to the Waste Minimisation Plan and the efforts and commitment shown by all employees, all kinds of waste were reduced, despite the increase in garments manufactured.

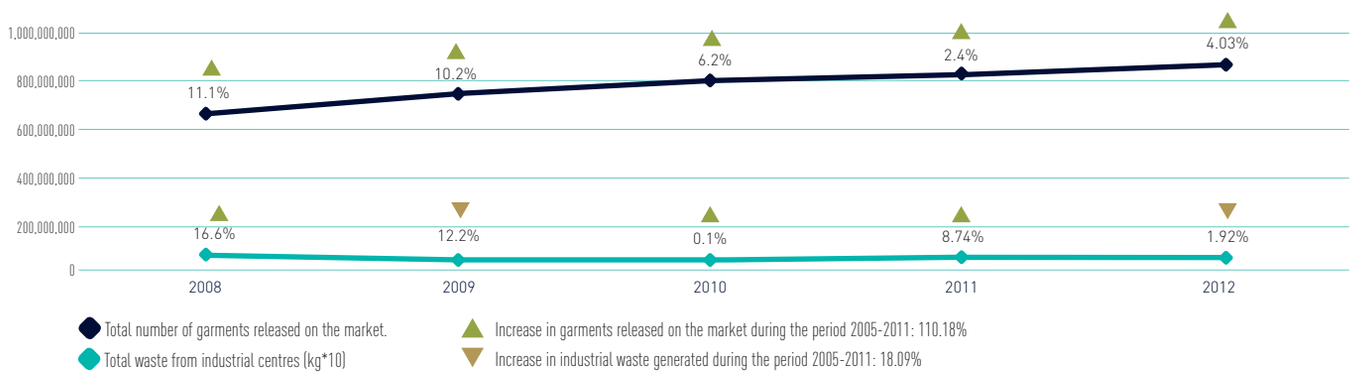
The waste generation data refers to the waste generated in Spain during the calendar year. The waste generated in the stores is not included.

Change in industrial waste generation (kg)



Waste generation from head office, chain head offices, factories and logistical centres and our own stores was considered.

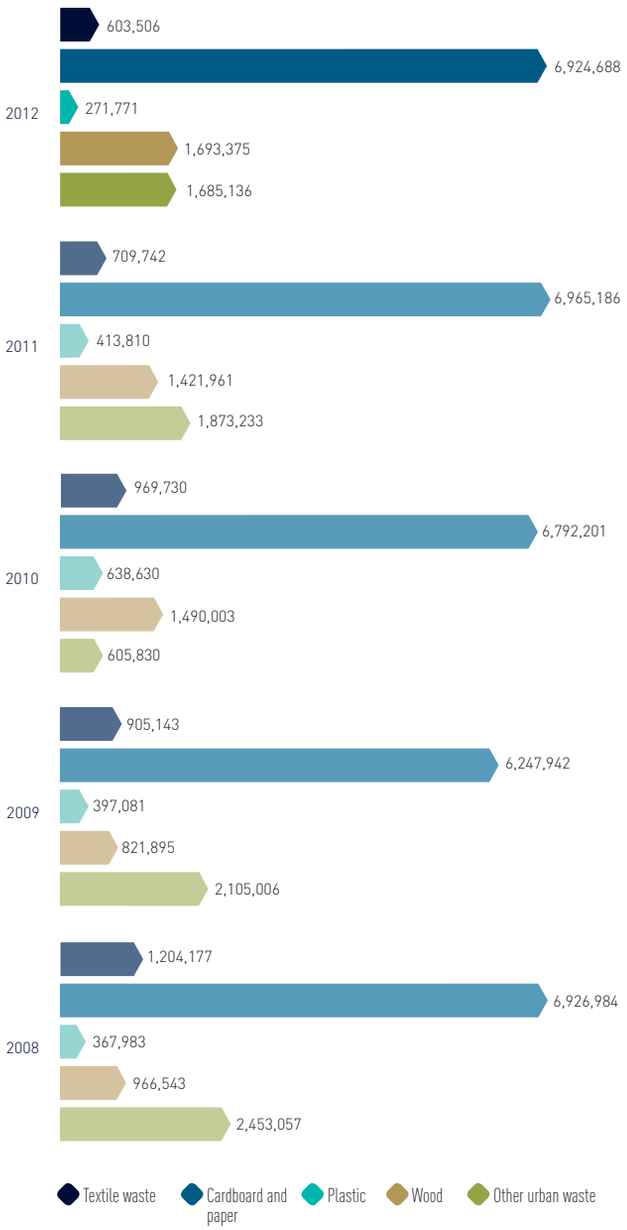
Comparison of garments released on the market with the total industrial waste generated



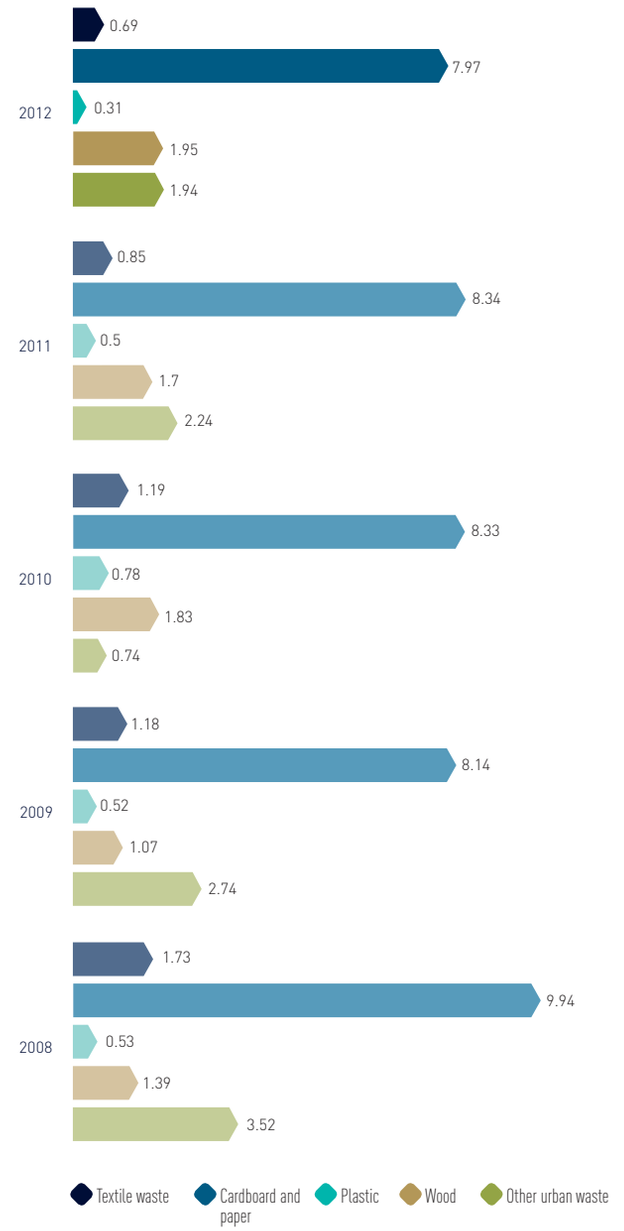
Annual generation of urban and similar waste

The waste is classified in accordance with the European Waste Catalogue (EWC) and its transposition into national and regional legislation.

Absolute data (kg)



Relative urban waste data as a function of number of garments released on the market (g/garment)

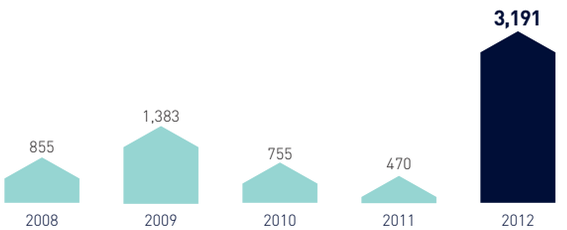


Use of reusable alarms

The success of the reusable alarm system introduced in 2011 has meant single-use alarms have been completely eliminated. In addition to financial savings, this initiative provides an important environmental benefit as reuse reduces natural resource consumption and atmospheric emissions associated with their manufacture and recycling.

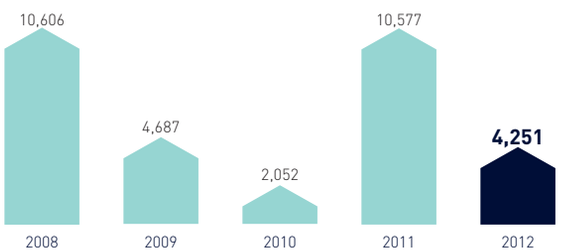
Annual generation of main types of hazardous waste

Batteries (kg)

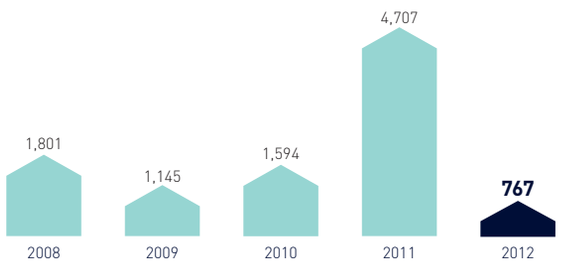


The increase in battery waste generation in 2012 was due to the preventative maintenance of the fire-fighting systems.

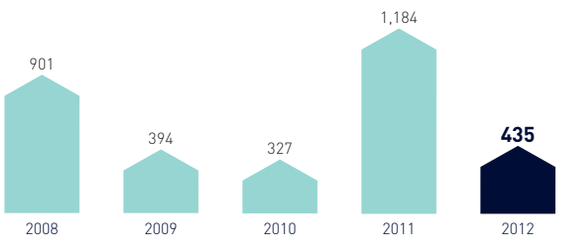
Electronic waste (kg)



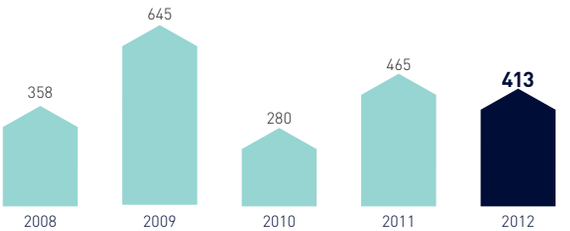
Fluorescents (kg)



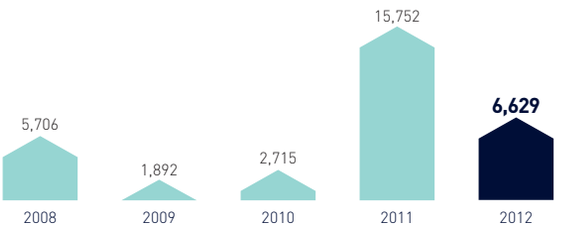
Oil filters (kg)



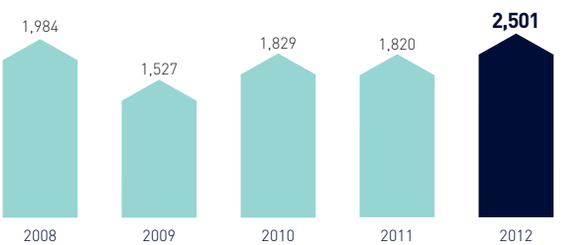
Contaminated metal packaging (kg)



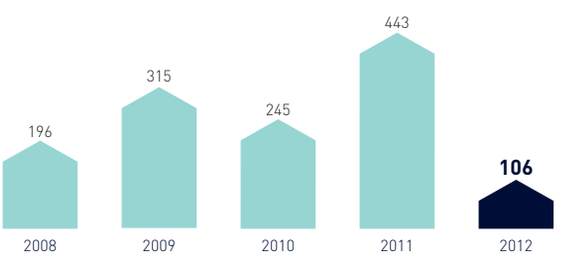
Used mineral oil (kg)



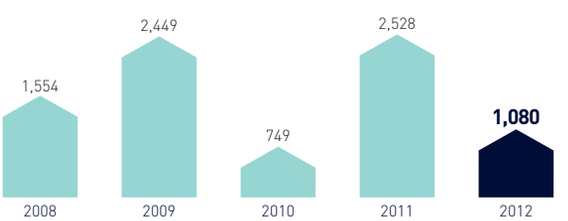
Contaminated absorbents (kg)



Paints (kg)



Contaminated plastic packaging (kg)



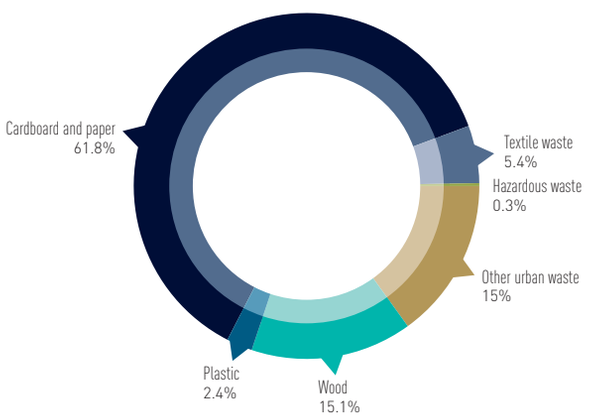
Waste allocation according to type and treatment

As the last step of the Waste Minimisation Plan, all waste generated by Inditex is collected and managed by a legally authorised body that sends the waste for recycling (in the case of alarms or paper), for composting or processing (wood, plastics), or managed in an environmentally friendly way.

With respect to the recovery of products released on the market, it is not viable to assess the volume generated nor its management on a worldwide level, given that there is no specific collection or management system for textile materials.

The packaging materials released onto the market (cardboard and plastic bags, labels, protective elements) associated with the products marketed by Inditex, are appropriately managed by authorised agents. Inditex adheres to the Integrated Management Systems for Packaging and Wrapping available in every country where it does business. The commitment to these systems means that each Inditex chain pays a non-profit management agency whatever it costs to collect and manage the waste generated by the stores. This management agency is established with the recognition of the authorities of each country (in Spain, Ecoembes) to ensure that the waste generated by the stores is suitably collected, managed and recycled.

Proportion of generated waste



Consumption and use of water

The water consumption data are taken from direct consumption measurements and from supplier invoices (public supply networks). Water consumption at head offices, logistics centres, factories and stores throughout the tax year are included.

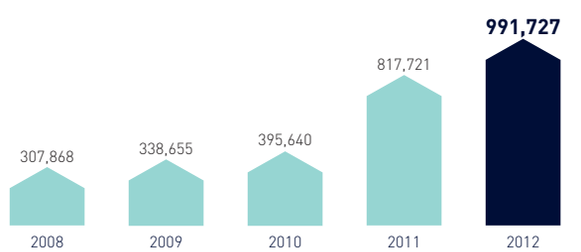
The increase in water consumption in 2012 over previous years is mainly due to the opening of new stores, the Massimo Dutti office building and logistics centre and the extension work on the Inditex head office.

Water supply at all the centres for both processes and for consumption comes from public, authorised supply networks with the result that Inditex has no impact on protected habitats.

Most of the water consumption is in the commercial network for domestic use - mainly cleaning and consumption. For this reason it is impossible to recycle. In the area of industrial activities, water is mainly needed for steam generation and industrial refrigeration in a closed cycle, where recirculation systems are used.

Wastewater from all of our sites is dumped into sewage systems, with appropriate administrative authorisation in all cases. This implies that analysis is done periodically to guarantee compliance with current law. The amount of wastewater is estimated as the same as water consumed, as there are no productive processes that consume water and the cooling systems use a closed cycle. To improve water use, the Indipunt (Narón) factory is installing a wastewater recovery system with the capacity to reuse 90% of water discharged.

Water consumption (m^3)*



* Water consumption for 2011 has been updated with the information available in 2012.

Social indicators

Code of Conduct compliance programme of manufacturers and suppliers

Pre-assessment audits by country

Country	No. of audits	% approved
BANGLADESH	4	75%
BRAZIL	2	100%
CAMBODIA	6	66.67%
CHINA	31	54.84%
INDIA	9	22.22%
INDONESIA	2	50%
MAURITIUS	1	100%
MOROCCO	5	40%
PAKISTAN	1	100%
PORTUGAL	28	53.57%
ROMANIA	2	100%
TUNISIA	1	100%
TURKEY	17	35.29%
VIETNAM	4	100%
TOTAL	**113**	**53.98%**

Audits by country

Country	Type of audit			
	Initial	Follow-up	Special*	General t.
ARGENTINA	17	6	88	111
BANGLADESH	174	46	36	256
BRAZIL	129		238	367
BULGARIA	12			12
CAMBODIA	3			3
CHINA	608	205	165	978
EGYPT	3	2		5
INDIA	156	54	52	262
INDONESIA	23	7	6	36
ITALY	4			4
LITHUANIA	1			1
MEXICO	12			12
MOROCCO	35	61	97	193
PAKISTAN	3	1	1	5
PORTUGAL	220	94	35	349
ROMANIA	31	1	1	33
SPAIN	33	12	4	49
SRI LANKA	2			2
THAILAND	2		1	3
TUNISIA	18	3	4	25
TURKEY	478	101	154	733
VIETNAM	49	15	10	74
GENERAL TOTAL	**2,013**	**608**	**892**	**3,513**

* Pre-assessment audits, classification visits and other requirements are included in this section.

Rating and production volume of suppliers with purchases in 2012*

	2012		2011		2012	2011
Total	**Suppliers**	**% Suppliers**	**Suppliers**	**% Suppliers**	**% Units**	**% Units**
A	525	36.61%	573	38.46%	20.88%	26.34%
B	617	43.03%	501	33.62%	70.56%	61.58%
C	157	10.95%	183	12.28%	6.18%	6.79%
CAP**	72	5.02%	122	8.19%	1.21%	3.61%
PR	63	4.39%	111	7.45%	1.17%	1.69%
General total	**1,434**	**100%**	**1,490**	**100%**	**100%**	**100%**

* Inditex has modified the scope of this indicator with respect to the previous year. The 2012 financial year presents the qualification data for suppliers with purchases in the year and not with respect to those active at year-end, as in the 2011 Report. Thus, the data for the previous year, including the itemisation of discarded suppliers in 2011, have been reformulated to facilitate comparability of information. Suppliers of fashion items, essentially clothing, footwear and accessories.
** Suppliers subject to the Corrective Action Plan

Rating and production volume of suppliers with purchases in 2012 by geographic area*

	2012		2011		2012	2011
Africa	**Suppliers**	**% Suppliers**	**Suppliers**	**% Suppliers**	**% Units**	**% Units**
A	77	68.75%	86	67.72%	63.95%	67.31%
B	24	21.43%	22	17.32%	22.26%	20.86%
C	4	3.57%	4	3.15%	0.77%	2.06%
CAP	6	5.36%	8	6.30%	1.95%	2.30%
PR	1	0.89%	7	5.51%	11.08%	7.47%
General total	**112**	**100%**	**127**	**100%**	**100%**	**100%**

	2012		2011		2012	2011
America	**Suppliers**	**% Suppliers**	**Suppliers**	**% Suppliers**	**% Units**	**% Units**
A	45	66.18%	47	71.21%	40.10%	37.67%
B	17	25%	14	21.21%	58.28%	60.87%
C	1	1.47%	2	3.03%	0.20%	0.90%
CAP	1	1.47%	0	0%	0.22%	0%
PR	4	5.88%	3	4.55%	1.19%	0.56%
General total	**68**	**100%**	**66**	**100%**	**100%**	**100%**

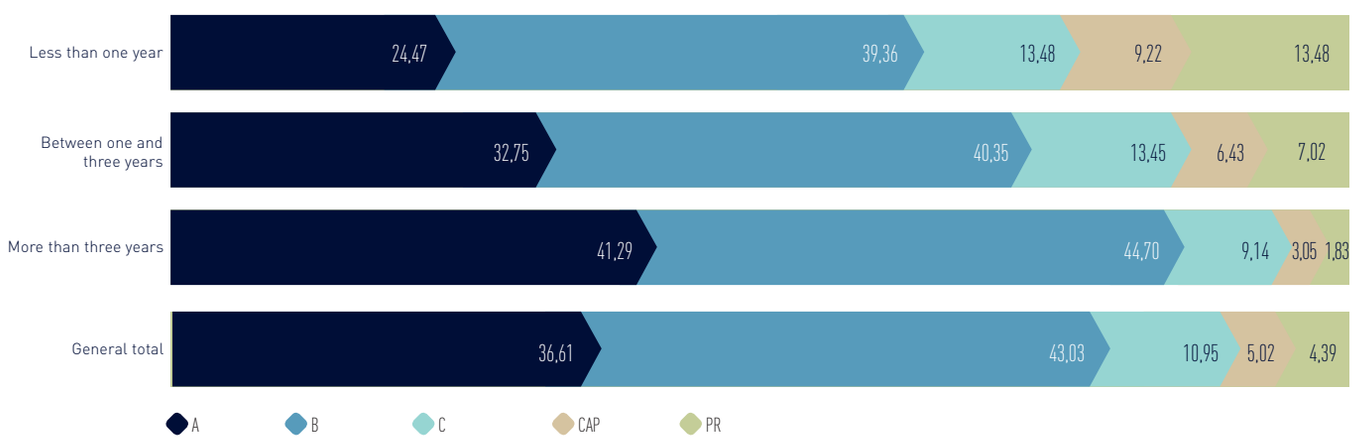
	2012		2011		2012	2011
Asia	**Suppliers**	**% Suppliers**	**Suppliers**	**% Suppliers**	**% Units**	**% Units**
A	142	21.13%	166	24.20%	15.13%	23.87%
B	338	50.30%	230	33.53%	73.06%	58.33%
C	109	16.22%	144	20.99%	9.50%	11.15%
CAP	51	7.59%	79	11.52%	1.82%	4.76%
PR	32	4.76%	67	9.77%	0.49%	1.89%
General total	**672**	**100%**	**686**	**100%**	**100%**	**100%**

* Inditex has modified the scope of this indicator with respect to the previous year. The 2012 financial year presents the qualification data for suppliers with purchases in the year and not with respect to those active at year-end, as in the 2011 Report. Thus, the data for the previous year, including the itemisation of discarded suppliers in 2011, have been reformulated to facilitate comparability of information.

	2012		2011		2012	2011
Non-EU Europe	**Suppliers**	**% Suppliers**	**Suppliers**	**% Suppliers**	**% Units**	**% Units**
A	29	21.32%	33	24.63%	11.40%	13.42%
B	78	57.35%	74	55.22%	81.26%	77.21%
C	19	13.97%	9	6.72%	5.41%	2.41%
CAP	5	3.68%	11	8.21%	1.05%	6.68%
PR	5	3.68%	7	5.22%	0.89%	0.27%
General total	**136**	**100%**	**134**	**100%**	**100%**	**100%**

	2012		2011		2012	2011
European Union	**Suppliers**	**% Suppliers**	**Suppliers**	**% Suppliers**	**% Units**	**% Units**
A	232	52.02%	241	50.52%	24.09%	26.96%
B	160	35.87%	161	33.75%	72.32%	68.16%
C	24	5.38%	24	5.03%	2.80%	2.88%
CAP	9	2.02%	24	5.03%	0.27%	1.10%
PR	21	4.71%	27	5.66%	0.51%	0.91%
General total	**446**	**100%**	**477**	**100%**	**100%**	**100%**

Classification of the suppliers according to the years of commercial relations with Inditex



Cluster programme[1]

	2012	2011
SPAIN[2]		
Number of suppliers with purchases in the year	229	n.a.
Number of manufacturers associated with suppliers with purchases	194	n.a.
Employees who make up the staff of manufacturers that work for Inditex in Spain	10,394	n.a.
PORTUGAL		
Number of suppliers with purchases in the year	139	149
Number of manufacturers associated with suppliers with purchases	394	292
Employees who make up the staff of manufacturers that work for Inditex in Portugal	20,919	15,678
TURKEY		
Number of suppliers with purchases in the year	136	133
Number of manufacturers associated with suppliers with purchases	374	253
Employees who make up the staff of manufacturers that work for Inditex in Turkey.	66,334	48,270
INDIA		
Number of suppliers with purchases in the year	134	129
Number of manufacturers associated with suppliers with purchases	177	183
Employees who make up the staff of manufacturers that work for Inditex in India	64,069	54,079
BRAZIL[3]		
Number of suppliers with purchases in the year	59	69
Number of manufacturers associated with suppliers with purchases	182	232
Employees who make up the staff of manufacturers that work for Inditex in Brazil	15,754	10,975
BANGLADESH		
Number of suppliers with purchases in the year	108	90
Number of manufacturers associated with suppliers with purchases	177	154
Employees who make up the staff of manufacturers that work for Inditex in Bangladesh	228,520	226,485
MOROCCO		
Number of suppliers with purchases in the year	96	108
Number of manufacturers associated with suppliers with purchases	158	159
Employees who make up the staff of manufacturers that work for Inditex in Morocco	51,559	48,088
CHINA		
Number of suppliers with purchases in the year	224	281
Number of manufacturers associated with suppliers with purchases	966	779
Employees who make up the staff of manufacturers that work for Inditex in China	170,709	168,618
ARGENTINA[2,3]		
Number of suppliers with purchases in the year	53	n.a.
Number of manufacturers associated with suppliers with purchases	72	n.a.
Employees who make up the staff of manufacturers that work for Inditex in Argentina	2,046	n.a.

1 Inditex has modified the scope of this indicator with respect to the previous year. The 2012 financial year presents the qualification data for suppliers with purchases in the year and not with respect to those active at year-end, as in the 2011 Report. Thus, the data for the previous year, including the itemisation of discarded suppliers in 2011, have been reformulated to facilitate comparability of information.
2 Clusters established during 2012
3 The total of suppliers with purchases in 2012 is included for information purposes due to the average size of the suppliers in the region

Distribution of social investment 2012[1]

By type of contribution			
Monetary	€15,372,563	72%	
Time	€579,590	3%	
In kind	€5,010,028	23%	% with management costs
Management costs	€383,300	2%	
Total	**€21,345,481**	**100%**	

By areas of activity 2012			
Education and youth	€3,984,523	19%	
Health	€1,726,308	8%	
Socioeconomic development	€2,616,704	13%	
Environment	€1,062,313	5%	
Art and culture	€404,470	2%	% without management costs
Social welfare	€7,544,454	36%	
Humanitarian aid	€2,927,857	14%	
Other	€695,552	3%	
Total	**€20,962,181**	**100%**	

Per geographic area			
Spain	€5,619,039	27%	
Europe (excluding Spain)	€2,717,143	13%	
America	€6,543,948	27%	
Asia	€3,135,421	15%	% without management costs
Africa	€3,349,713	16%	
Global[2]	€406,917	2%	
Total	**€20,962,181**	**100%**	

1 This section does not include the comparative data with respect to previous years, due to the application in 2012 of a new methodology for managing and assessing contributions to community initiatives.

2 Contributions to global projects with no predetermined country of execution.

for&from data 2012

for&from Tempe Elche (Alicante)	
Sales	591,343
Store size (m^2)	367
Turnover per m^2	1,611
Number of employees	8

for&from Tempe Allariz (Ourense)	
Sales	135,231
Store size (m^2)	65
Turnover per m^2	2,080
Number of employees	5

for&from Massimo Dutti Allariz (Ourense)	
Sales	769,533
Store size (m^2)	120
Turnover per m^2	6,413
Number of employees	7

for&from Bershka (Palafolls)	
Sales	413,732
Store size (m^2)	80
Turnover per m^2	5,172
Number of employees	7

for&from Massimo Dutti (Pallafols)	
Sales	909,450
Store size (m^2)	140
Turnover per m^2	6,496
Number of employees	12

for&from Stradivarius (Manresa)*	
Sales	159,215
Store size (m^2)	185
Turnover per m^2	861
Number of employees	9

* This store started business in October 2012

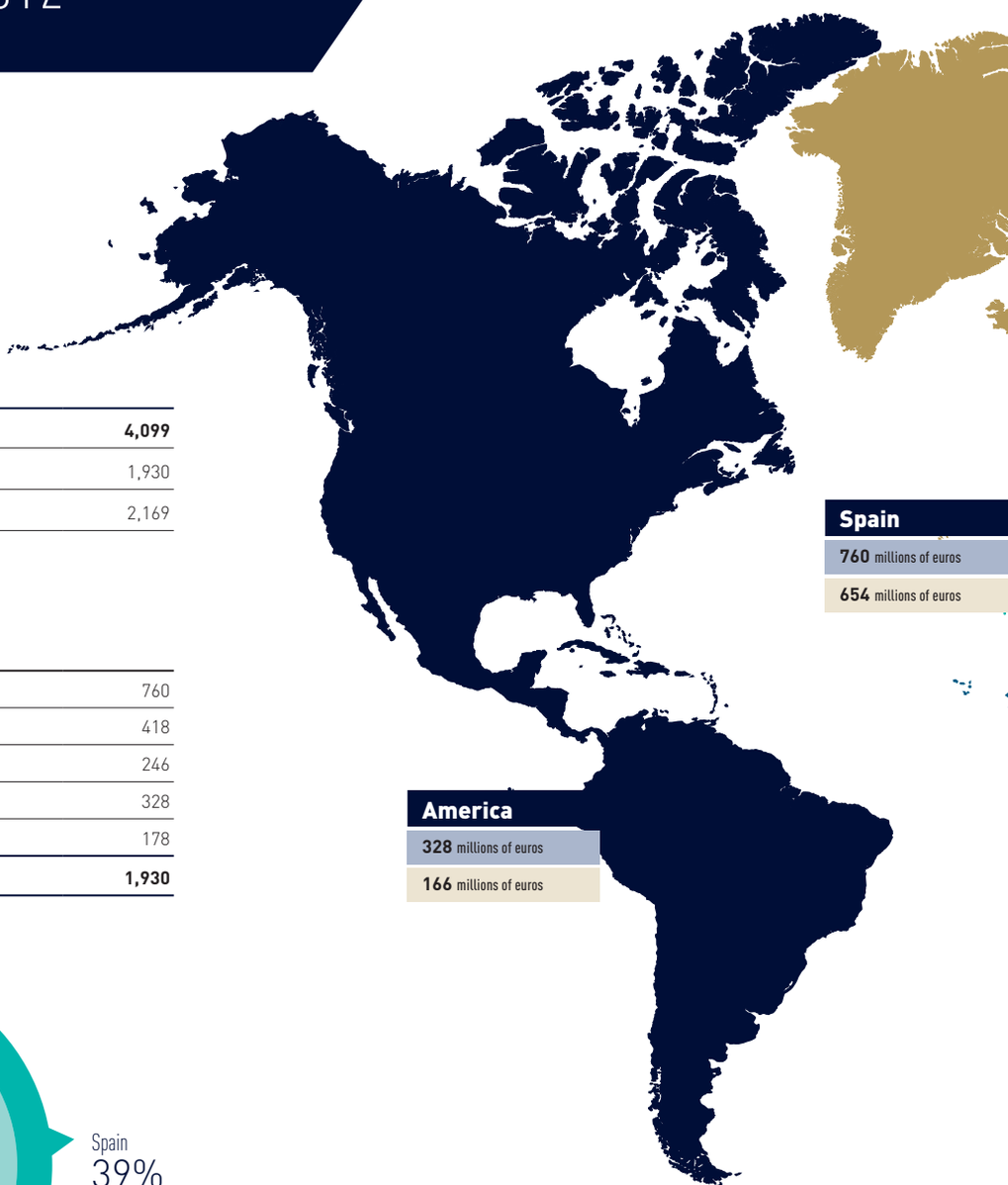
Social cash flow

(millions of Euros)	**2012 financial year**	**2011 financial year**
Net cash received for sale of products and services	15,946	13,793
Cash flow received from financial investments	24	30
Cash received for sales of assets	0	0
Total value-added cash flow	**15,970**	**13,823**
Distribution of value-added cash flow		
Employee wages	2,548	2,234
Tax payments	818	693
Financial debt return	-5	36
Dividends paid out to shareholders	1,130	1,004
Corporate social investment	21	13
Cash withheld for future growth	394	19
Payments outside the Group for purchasing goods, raw materials and services	9,725	8,475
Payments for investment in new productive assets	1,339	1,349
Total distribution of value-added cash flow	**15,970**	**13,823**

Capitals balance sheet

Capitals	Challenges
Human capital	– Management and strengthening of the supply chain – Greater commitment to our suppliers – Framework agreement with IndustriALL – Reduction, reuse and recycling – Development of self-sufficient and responsible staff – Strengthening links with the community, through social investment
Intellectual capital	– Water master plan in our supply chain – Thorough controls on our products – Sustainable logistics – Eco-efficient stores – Development of self-sufficient and responsible staff
Financial capital	– Strengthening links with the community, through social investment
Social and Relationship capital	– Greater commitment to our suppliers – Framework agreement with IndustriALL – Waste generation and management – Development of self-sufficient and responsible staff – Strengthening links with the community, through social investment
Manufactured capital	– Management and strengthening of the supply chain – Water master plan in our supply chain – Thorough controls on our products – Sustainable logistics – Eco-efficient stores – Reduction, reuse and recycling
Natural capital	– Management and strengthening of the supply chain – Water master plan in our supply chain – Greater commitment to our suppliers – Sustainable logistics – Eco-efficient stores – Reduction, reuse and recycling

TAX CONTRIBUTION 2012



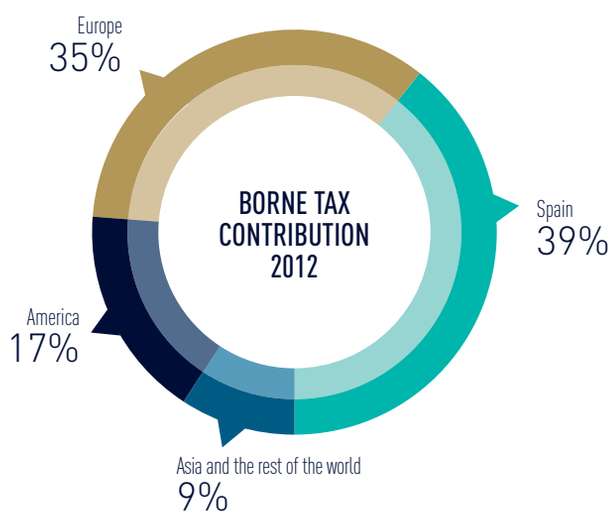
(millions of euros)

TOTAL Tax Contribution	**4,099**
Borne Tax Contribution	1,930
Collected Tax Contribution	2,169

Borne Tax Contribution

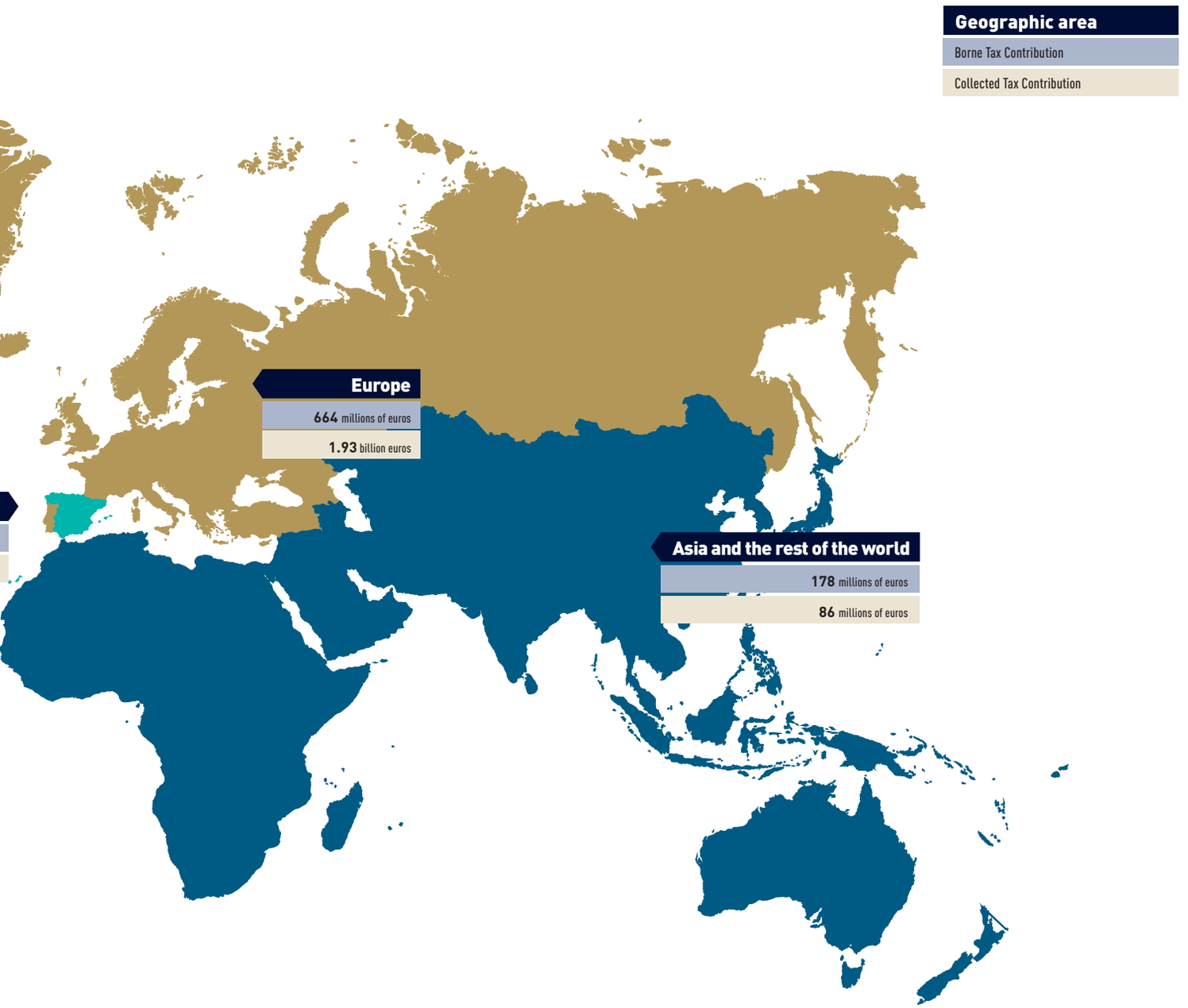
(millions of euros)

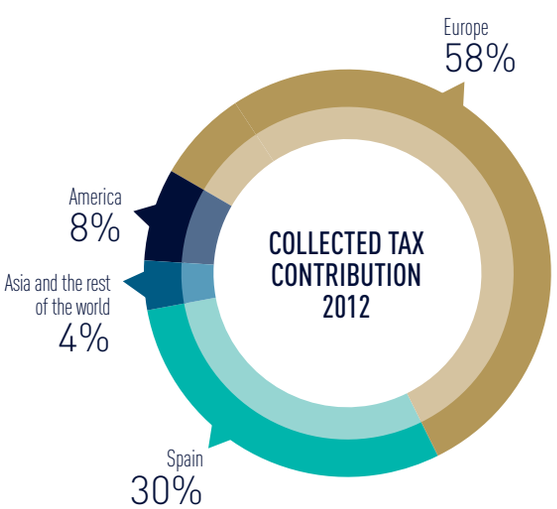
Spain	760
European Union (not including Spain)	418
Non-EU Europe	246
America	328
Asia and the rest of the world	178
Total	**1,930**



During 2012 financial year, Inditex made a total tax contribution of €1.93 billion in borne taxes in all the markets where it developes its activity. This overall amount includes tax on profits, property and tariffs, among others. Broken down by geographic area, Inditex paid 39% of its tax contribution for the year in Spain (€760 million), 22% in the European Union (418 million) and 13% in non-community European countries (246 million). It also paid 17% of the total tax in the Americas (328 million) and 9% in Asia an the rest of the world (178 million). The average tax rate was 24.4%.

The greater tax base generated in Spain comes from the relevant added value activity that Inditex generates due to the logistic, design and export activities of its goods. This dynamic not only has a positive impact on the balance of trade but also generates the corresponding tax contribution. Exports by Inditex from Spain accounted for 27% of total exports in the Spanish textile segment for customs purposes (section 11 of the TARIC Customs Code: textile materials and articles manufactured from textiles) in 2012.





Collected Tax Contribution

The economic activity generated by Inditex worldwide helps to collect taxes in a very significant amount. Of these, €2.17 billion euros are directly collected by Inditex. This concept includes such relevant aspects as VAT and income tax in each of the countries where the company operates.

Half of this figure (€1.26 billion) corresponds to the European Union, excluding Spain, where 654 million (30% of the total) were raised. In non-community Europe, Inditex raised a total of €171 million for the different states, 8% of the total. Furthermore, in the Americas, the Inditex Group collected €166 million for government treasuries, 8% of the total, while in Asia and the rest of the word this amount was €86 million (4% of the total).

Strategic objectives

Revision of 2012 objectives

Stakeholder	Objective	Compliance
Suppliers	Consolidation of the new pre-assessment programme	total
	Creation of a procedure manual for clusters	partial
	Reduction in D and PR suppliers	total
	Maintenance of initial audit volume, 20% increase in follow-up audits and consolidation of special audits	total
	Implementation of new revision methodology for external manufacturers and workshops	partial
	Increased collaboration with stakeholders in implementing corrective action plans	total
	Strengthening of the framework agreement singed with IndustriALL	total
	Extension of the training and awareness-raising programmes of suppliers regarding Clear to Wear and Safe to Wear health and safety standards	total
	Technical and follow-up audits on clothing workshops, dry cleaners, printers and laundries	total
	Design of best practice manuals to help suppliers in product health and safety	total
	Preparation of risk identification guides in product health and safety for suppliers	total
	Increased participation in dialogue platforms related to the supply chain	total
Customers	Implementation of Inditex CTW and STW Reasonable & Responsible Testing Programme in the supply chain	total
	Active participation in forums of debate and committees related to the development of product health and safety policies	total
	Promotion of cooperation programmes to strengthen the supply chain	total
	Continual update of health and safety standards	total
Community	Increase in the range of the social investment programmes in key countries in terms of the supply chain.	total
	Sizing of the *for&from* programme with the opening of new businesses	total
	Strengthening in kind donations for social purposes	total
	Strengthening of the employment programme for vulnerable collectives	total
Employees	Consolidation of clusters teams in Turkey, China and Morocco	total
	Consolidation of product health and safety teams	total
	Development of specific training programmes for sales teams on product health and safety	total
Shareholders	Consolidation of the Inditex score on the Dow Jones Sustainability and FTSE4Good indexes	total

2013 Objectives

Stakeholder	Objective
Suppliers	Creation of a procedure manual for clusters
	Reduction in the number of PR suppliers
	Implementation of new revision methodology for suppliers and manufacturers
	Consolidation of the protocol signed with IndustriALL
	Creation of a manual on migrant workers
	Implementation of production audits in different clusters
	Increased participation in dialogue platforms related to the supply chain
	Creation and implementation of a manufacturing technology standard
	Development of training and awareness-raising programmes for suppliers in CTW and STW standards
	Implementation of a best practice manual to help suppliers in product health and safety
Customers	Training of local cluster teams in social and process audits
	Updating the CTW and STW standards
	Consolidation of cooperation programmes on product health and safety
	Participation in forums of debate and committees related to the development of product health and safety policies
Community	Increase in contributions to social action
	Strengthening of employment among people at risk of exclusion as a priority line for social action projects
	Increasing the scope of social action programmes in those countries where Inditex does business
	Strengthening donations in kind for social causes
Employees	Consolidation of teams in clusters
	Training of sales teams on product health and safety for suppliers
Shareholders	Consolidation of the Inditex score on the Dow Jones Sustainability and FTSE4Good indexes

VERIFICATION OF GLOBAL REPORTING INITIATIVE INDICATORS

INDEPENDENT VERIFICATION REPORT

1. SCOPE

SGS ICS Ibérica, S.A. (hereinafter, SGS) has carried out, at the request of INDITEX, S. A. (hereinafter, INDITEX), the Independent Verification of the information relating to practices regarding Human, Social and Environmental Resources corresponding to the financial year ending on 31st January 2013 and contained in the Annual Report 2012 (hereinafter, the Report).

The scope of the Independent Verification includes the text and data contained in the Report. Information and/or data referred to and not entered in the Report is not included.

2. INDEPENDENCE

The information contained in the Report as well as its preparation is the exclusive responsibility of INDITEX.

SGS has not participated in or advised INDITEX in the preparation of the Report. It has limited itself to acting as an independent verifier, confirming for this purpose the suitability of the contents.

The content of the present Independent Verification Report and the opinions contained therein are the exclusive responsibility of SGS.

3. VERIFICATION

For the independent verification of the Report, the SGS methodology has been used, which consists of auditing procedures according to ISO 19011 and following the principles established in the Guide for the Preparation of Sustainability Reports (G3) of *Global Reporting Initiative (GRI)* (hereinafter, the Guide) and the principles set down in the standard AA1000 *Accountability Principles Standard* 2008 *of Accountability* (AA1000APS).

Our work of independent verification has consisted of the formulation of questions to certain Departments of INDITEX involved in the drawing up of the Report, as well as the application of certain analytical procedures and review tests by sampling described below:

- Meetings with the staff of different departments of the Inditex Group so as to discover the management principles, systems and approaches applied.
- Verification of the indicators included in the Report, their correspondence with those recommended by the Guide and the applicability thereof.
- Review of the minutes of the Social Council of INDITEX, corresponding to the financial year ending on 31st January 2013.
- Verification, by means of review tests on the basis of the selection of a sample, of the quantitative and qualitative information corresponding to the GRI indicators and their proper compilation from the data supplied by the sources of information from the Inditex Group. These tests have been carried out at the central headquarters of the Inditex Group in Spain.
- Review of the information relative to the management approaches applied.
- The verification of the quantitative and qualitative information corresponding to the "indicators" mentioned in the foregoing point, from INDITEX' own management systems.
- The comparison of the data and the conclusions that are listed in the Performance part of the Report are in accordance with those others revealed in the INDITEX Consolidated Annual Accounts, corresponding to the financial year ending on 31st January 2013, which were audited by Deloitte, S.L.

4. TEAM

The SGS team responsible for the Independent Verification was made up of:

- Ms. Carlota Abalo Sinde.
- Ms. Laura López Sanjurjo.

5. AREAS OF IMPROVEMENT

We have additionally presented our recommendations relating to the areas of improvement to the Management of Inditex so as to consolidate the processes, programmes and systems linked with the management of the GRI Indicators. The most relevant recommendations refer to:

- ✓ Progress in the coverage of the GRI indicators information, focusing on Human Resources and Prevention areas. GRI indicators reflect mainly Inditex operations in Spain.
- ✓ Although it has to be highlighted a good progress in terms of systems, systematic for gathering GRI indicators on a yearly basis has to be reinforced.

6. STRONG POINTS

- The structure and organization of the Report has been improved, as it has been prepared as an integrated report.
- The environmental dimension has been improved and developed in relation with previous year as well as significant improvements have been carried out.
- Significant effort in the CSR Department during 2012.

7. CONCLUSIONS

From the scope, the methodology, the analytical procedures and the tests by review through sampling carried out, we can conclude that:

- The Report has been prepared in accordance with the demands of the Guide.
- The conclusions which are derived from the tests carried out, with the scope described in sections 1 and 3 above, have not discovered any significant errors.
- The "Level of Application *GRI*" declared by INDITEX (A+) is appropriate.

8. RESPONSIBILITIES

- The Management of the Inditex Group has been responsible for drawing up the Report, as well as for the definition of the contents.
- The responsibility of the verification team was to issue an Independent Verification Report in accordance with the rules of independence required.
- The scope of the Independent Verification is substantially less than that of an Audit. Therefore, we do not give any audit opinion on the Report.

7th JUNE 2013

Carlota Abalo Sinde

GLOBAL REPORTING INITIATIVE INDICATORS

Transparency is the main principle that inspires Inditex in its relations with society. Based on this premise, the Group has been following the criteria proposed by G3 Global Reporting Initiative (GRI) since 2002. In addition to the main indicators of the G3 Guide, those indicators that are specific to the textile and footwear sector, which Inditex helped draft, have also been included and are identified as follows:

Specific indicator for the sector

◆ Specific comment on the indicator for the sector

The contents of this Report were defined by Inditex using a materiality analysis carried out by several different bodies and social participants in Inditex, as described in the Sustainable Model chapter. The procedure followed in the development of the 2012 Report facilitates compliance with the GRI principles which are also used as a foundation when this is being drawn up.

15 of the GRI indicators identified in the materiality analysis carried out by Inditex were analysed by KPMG auditors, pursuant to regulation ISAE 3000. These indicators can be found in the GRI index and are marked with this symbol: ☑

Global Compact Principles

Inditex adheres to the U.N. Global Compact. In the GRI index of this Report, which also doubles as a Report on Progress, the different parts of the document related to each of the Global Compact principles are indicated.

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2: Businesses should make sure that they are not complicit in human rights abuses.

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.

Principle 5: Businesses should uphold the effective abolition of child labour.

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

Principle 7: Businesses should support a precautionary approach to environmental challenges.

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

	Indicators	Page or direct answer	Global Compact
	PROFILE		
	1. STRATEGY AND ANALYSIS		
1.1	Statement from the most senior decision-maker of the organization.	10-11	
1.2	Description of key impacts, risks, and opportunities.	12 Review of the year 2012, 21 212 Systems for control of risks	
	2. ORGANIZATIONAL PROFILE		
2.1	Name of the organization.	13, 137-138	
2.2	Primary brands, products, and/or services.	22 Retail formats 25 Zara 27 Pull&Bear 29 Massimo Dutti 31 Bershka 33 Stradivarius 35 Oysho 37 Zara Home 39 Uterqüe	
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	164 Composition of the Inditex Group	
2.4	Location of organization's headquarters.	136-137	
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	18-19, 179-180	
2.6	Nature of ownership and legal form.	190 Ownership Structure	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	18-19, 179-180	
2.8	Scale of the reporting organization.	6-7, 21, 282	
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	21, 136, 171-172	
2.10	Awards received in the reporting period.	16-17, 107	
	3. REPORT PARAMETERS		
	REPORT PROFILE		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	6, 136	
3.2	Date of most recent previous report (if any).	2011	
3.3	Reporting cycle (annual, biennial, etc.)	136-137	
3.4	Contact point for questions regarding the report or its contents.	318	
	REPORT SCOPE AND BOUNDARY		
3.5	Process for defining report content.	6-7 44 Company relations with stakeholders 46 Análisis de Materialidad 304	
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	18-19 137 Consolidated Report for the Inditex Group on January 31,2012 177-178	

	Indicators	Page or direct answer	Global Compact
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Based on the criteria set forth in point 3.6, Inditex believes that the Report reflects a reasonable and balanced account of the Group's economic, environmental and social performance. For information regarding another time period or organisation, any fine distinctions to the scope will be described beside the indicator in question.	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	136,157 Bases of consolidation 164 Composition of the Inditex Group	
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	158 Accounting principles 282 Environmental indicators 291 Social Indicators	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g.,mergers/acquisitions, change of base years/ periods, nature of business, measurement methods).	There were no significant changes that led to a redrafting of the information.	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	136 171 Performance in FY2012	
	GRI CONTENT INDEX		
3.12	Table identifying the location of the Standard Disclosures in the report.	304	
	ASSURANCE		
3.13	Policy and current practice with regard to seeking external assurance for the report.	131, Auditor's Report on Consolidated Financial Statements 201, 270 304, 302	

4. GOVERNANCE, COMMITMENTS AND ENGAGEMENT

	GOVERNANCE		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	54-55 188 Board of Directors 204 Committees of the Board of Directors The Corporate Governance Report includes the names of the individuals that make up the Group's senior management team so that their gender is clear. There is no information available as regards minority groups or other indicators of diversity as this is considered confidential information.	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	188-189 191 Powers delegated to the Managing Director	
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	189 Members of the Board and their different categories Also available on Inditex's website: http://www.inditex.com	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	52 Inditex Corporate Governance 56 New Code of Conduct and Responsible Practices. Committee of Ethics 127-128, 203, 253	
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	194-195, 209-210	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	209 Related party transactions 212 Systems for control of risks	
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	197-198	

	Indicators	Page or direct answer	Global Compact
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	10-11, 15 Code of Conduct for Manufacturers and Suppliers : http://www.inditex.com Code of Conduct and Responsible Practices: http://www.inditex.com 42-43, 56-57 Inditex's Sustainability Strategy: http://www.inditex.com Inditex's Environmental Policy: http://www.inditex.com Corporate Social Responsibility: http://www.inditex.com Inditex's values, standards and codes are integrated into the Group's day-to-day running	
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	54-55 212 Systems for control of risks	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	196-197 198 Cases under which the resignation of directors is mandatory	
	COMMITMENTS TO EXTERNAL INITIATIVES		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	212 Systems for control of risks	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	11, 44, 63 73 Minors labour prevention and remediation plan 80, 82 Framework Agreement with IndustriALL 116 Monitoring Programmes 121 Environmental Programmes	
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	11, 63 73 Minors labour prevention and remediation plan 80, 82 Framework Agreement with IndustriALL 295 Distribution of social investment in 2012	
	STAKEHOLDER ENGAGEMENT		
4.14	List of stakeholder groups engaged by the organization.	44-45	
4.15	Basis for identification and selection of stakeholders with whom to engage.	46-47 Inditex carries out a detailed analysis of its stakeholders in order to identify how its activities impact on these and to develop a strategy that aims to achieve sustainability in its processes.	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Company relations with stakeholders 46 Materiality Analysis 56 Ethics Committee 67 Pre-assessment 74 The Water Master Plan in the Supply Chain 76 Greater commitment towards our suppliers 82 Framework Agreement with IndustriALL 85 Exhaustive control of our products 96 Customer Service 101 Developing self-sufficient and responsible members of staff 105 Commitment 110 Strengthening our links with the community 127 Investors relations Inditex uses the result of the materiality analysis conducted by the Social Committee and other stakeholders as a foundation when developing its sustainability strategy and when drafting its Annual Report.	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	46-47 65 Managing and strengthening the supply chain 74 The Water Master Plan in the Supply Chain 76 Greater commitment towards our suppliers 82 Framework Agreement with IndustriALL 85 Exhaustive control of our products 91 Sustainable logistics 92 Eco-efficient stores 98 Reduction, reuse and recycling 101 Developing self-sufficient responsible members of staff 110 Strengthening our links with the community	

	Indicators	Page or direct answer	Global Compact

MANAGEMENT APPROACH AND PERFORMANCE INDICATORS

SUPPLY CHAIN

CODE OF CONDUCT

AF1	Code of conduct content and coverage.	64, 65 Managing and strengthening the supply chain 71-72	

AUDIT PROCESS

AF2	Parties and personnel engaged in code of conduct compliance function.	65 Managing and strengthening the supply chain 71-72, 76 Greater commitment towards our suppliers, 291	
AF3	Compliance audit process.	65 Managing and strengthening the supply chain 71-72, 76 Greater commitment towards our suppliers, 291	
	Non-compliance Findings	69, 72, 281 292 Rating and production volume of suppliers with purchase in 2012	

GRIEVANCE PROCEDURES

AF4	Policy and procedures for receiving, investigating, and responding to grievances and complaints.	55, 56 Ethics Committee , Inditex's Code of Conduct for Manufacturers and Suppliers includes the rights of the individuals working on the supply chain. This can be found on Inditex's website: ww.inditex.com	

CAPACITY BUILDING

AF5	Strategy and scope of efforts to strengthen capacity of management, workers and other staff to improve in social and environmental performance.	71-72, 74, 76 Greater commitment towards our suppliers, 87-88, 90, 281. Inditex provides its employees with specific training courses on sustainability. Inditex's Environmental Strategy also involves suppliers, who must include this environmental variable in their working processes.	

BUSINESS INTEGRATION

AF6	Policies for supplier selection, management, and termination.	71-72 Inditex's Code of Conduct for Manufacturers and Suppliers includes the standards and requirements that suppliers must meet in order to form part of Inditex's supply chain. This is available on Inditex's website: http://www.inditex.com	

ECONOMIC DIMENSION

	Economic performance	85, 105-106, 146-147 148 Income tax 155, 156 Remuneration of the Board of Directors and transactions with related parties	
	Market presence	18-19 76 Greater commitment towards our suppliers 179-180, 292	
	Indirect economic impacts	76 Greater commitment towards our suppliers 114 Community Development Programmes 116 Monitoring Programmes 118 Emergency Programmes 120 Social Entrepreneurship Programmes	

ENVIRONMENTAL PERFORMANCE INDICATORS

	Materials	75, 91, 98-99	
AF18	Programs to replace organic-based adhesives and primers with water-based adhesives and primers.	85 Exhaustive control of our products	
AF19	Practices to source safer alternative substances to those on the restricted substances list, including description of associated management systems.	85, 87 Specific Programmes	
	Energy	91 LEED Gold in the logistical centres 92-93, 282 Energy consumption	
	Water	74 The water master plan in the supply chain 290	

	Indicators	Page or direct answer	Global Compact
	Biodiversity	14 The biodiversity indicators were not described as materials in the analysis carried out with the company's stakeholders due to the fact that Inditex's activity had little or no impact on that aspect in the countries (and/or environments) where its business model is carried out.	
	Emissions, effluents and waste	91, 284-285	
	Products and services	85 Exhaustive control of our products	
	Compliance	Inditex's Environmental Policy: http://www.inditex.com	
	Transport	91, 283	
	Overall	14, 282 Environmental Indicators Inditex's Environmental Policy: http://www.inditex.com	

SOCIAL-LABOUR PRACTICES AND DECENT WORK

	Employment	105 Commitment 107 Compensation Policy	
AF22	Policy and practices regarding the use of employees with non-permanent and non-fulltime status.	104, 105 Commitment	
AF23	Policy regarding the use of home working.	105 Reconciliation	
AF24	Policy on the use and selection of labor brokers, including adherence to relevant ILO Conventions.	Not applicable. Inditex carries out an analysis and control of compliance with its Sustainability Strategy on its end product suppliers which is later distributed through its Compliance Programme for the Code of Conduct for Manufacturers and Suppliers (indicators for manufacturing activity do not apply directly).	

WAGES AND HOURS

AF25	Policy and practices on wage deductions that are not mandated by law.	Not applicable. Inditex does not apply wage deductions that are not madated by law.	
AF26	Policy on working hours, including definition of overtime, and actions to prevent excessive and forced overtime.	105 Commitment	
	Labor/management relations	103, 105 Reconciliation 107 Compensation Policy	
	Occupational health and safety	107	
	Training and education	104-105	
	Diversity and equal opportunity	105-106, 108	
AF27	Policy and actions to protect the pregnancy and maternity rights of women workers.	106 Continuing the task that got under way in 2010, during 2012 equality plans were signed for Massimo Dutti, Pull&Bear Spain and Zara Spain. These plans, like those signed in 2010 and 2011, include actions that protect the pregnancy and maternity rights of the workers. For more information, please consult Inditex Annual Report 2011.	

SOCIAL-HUMAN RIGHTS DIMENSION

	Investment and procurement practices	66, 291	
	Non-discrimination	64, 76 Greater commitment towards our suppliers 105-106, 108	
	Freedom of association and collective bargaining	64, 68, 71-72 76 Greater commitment towards our suppliers 82-83	
	Child labor	73	
	Forced and compulsory labor	64, 71 Remediation Plans 73, 76 Greater commitment towards our suppliers	
	Security practices	The Group's security staff are sub-contracted to external companies in all the countries in which it operates. Inditex ensures that all members of staff, both its own employees and those employed by external companies, comply with Code of Conduct and Responsible Practices, available on its website http://www.inditex.com	
	Indigenous rights	Not applicable Inditex's activity has no significant impact on indigenous communities.	

	Indicators	Page or direct answer	Global Compact
	SOCIAL-SOCIETY DIMENSION		
	Community	110 Strengthening our links with the community 112-113 Social Investment in 2012 114 Community Development Programmes 116 Monitoring Programmes 118 Emergency Programmes 120 Social Entrepreneurship Programmes and Network of Universities 121 Environmental Programmes 122 Sponsorship and patronage	
	Corruption	Inditex's Code of Conduct and Responsible Practices and its Code of Conduct for Manufacturers and Suppliers envisage the prevention of corruption in all its forms. These internal regulations are available on its website: http://www.inditex.com	
	Public policy	64, 73, 82-83	
	Anti-competitive behavior	No material Thera are no monopoly practices or other forms of anticompetitive behaviour in Inditex business sector	
	Compliance	The Group's Code of Conduct and Responsible Practices includes a specific section related to compliance with legislation which includes correctly handling any fine or sanction it may receive. These internal regulations are available on its website: http://www.inditex.com	
	SOCIAL-PRODUCT RESPONSIBILITY DIMENSION		
	Customer health and safety	67, 85 Exhaustive controls of our products	
	Product and service labelling	74-75, 85 Exhaustive control of our products	
	Marketing communications	85	
	Customer privacy	Inditex applies the applicable legislation regarding customer privacy.	
	Compliance	67, 85 Exhaustive controls of our products	
	PERFORMANCE INDICATORS		
	FINANCIAL PERFORMANCE INDICATORS		
◆	**SUPPLY CHAIN**		
	CODE OF CONDUCT		
AF7 ☑	Number and location of workplaces covered by code of conduct.	64 The Code of Conduct for Manufacturers and Suppliers is applicable to each and every one of Inditex's suppliers and manufacturers. More information about identifying the supply chain can be found on the Inditex website: http://www.inditex.com	
	AUDIT PROCESS		
AF8 ☑	Number of audits conducted and percentage of workplaces audited.	67, 68, 291 The Group is aware of the number of suppliers, as well as the number of audits carried out during the year. Likewise, within the framework of the cluster programme, data mining and audits are carried out to monitor and assess second supply chains as well as any subsequent ones, should these exist.	
	NON-COMPLIANCE FINDINGS		
AF9	Incidents of non-compliance with legal requirements or collective bargaining agreements on wages.	72 76 Greater commitment towards our suppliers 291	
AF10	Incidents of non-compliance with overtime standards.	72	
AF11	Incidents of non-compliance with standards on pregnancy and maternity rights.	72	

	Indicators	Page or direct answer	Global Compact
AF12	Incidents of the use of child labor.	73, 76 Greater commitment towards our suppliers	
AF13	Incidents of noncompliance with standards on gender discrimination.	72	
AF14 ☑	Incidents of non-compliance with code of conduct.	72	
AF15	Analysis of data from code compliance audits.	69, 76 Greater commitment towards our suppliers	
	REMEDIATION		
AF16 ☑	Remediation practices to address non-compliance findings.	71-72	
	BUSINESS INTEGRATION		
AF17	Actions to identify and mitigate business practices that affect code compliance.	71 Continous improvement 76 Greater commitment towards our suppliers 82-83 One of the objectives of Inditex's CSR Department is to inform the internal buyers of the results of the Social Audits, as this allows them to become more aware of their own purchasing practices and then adapt these according to the results obtained during these checks.	
	ECONOMIC PERFORMANCE		
EC1 ☑	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	110-111, 295-296 298-299	
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Inditex's Sustainability Strategy: http://www.inditex com Despite the fact that its direct activity does not have a significant impact as far as climatic change is concerned, Inditex implements other energy-efficient activities and measures to mitigate those risks that are not specifically quantified.	Principle 7
EC3	Coverage of the organization's defined benefit plan obligations.	107, 146-147, 153	
EC4	Significant financial assistance received from government.	148 Income tax 153-154 During this reporting period no government provided significant assistance in terms of subsidies, awards, holiday entitlements or credit assistance for exportation.	
	MARKET PRESENCE		
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	68-69, 76 Greater commitment towards our suppliers The manufacturers and external workshops that produce the articles Inditex markets can be found in over 50 countries. The rest of the suppliers of goods and services used for store openings are generally local suppliers present in the countries where the stores are located. However, this expense is not comparable to that of manufacturing. Information on supplier-related expenses is reported in a consolidated way in line with the Annual Report.	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Inditex has no explicit policy that encourages the recruitment of staff members or senior management from the local population nevertheless, a considerable percentage of its staff members work in their home province.	Principle 6
	INDIRECT ECONOMIC IMPACTS		
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	114 Community Development Programmes 116 Monitoring Programmes 118 Emergency Programmes 120 Social Entrepreneurship Programmes 141 Tangible fixed assets 295-296	

	Indicators	Page or direct answer	Global Compact
	ENVIRONMENTAL PERFORMANCE INDICATORS		
	MATERIALS		
EN1	Materials used by weight or volume.	Not applicable. Not applicable.Inditex is dedicated to the distribution of fashion items (clothing, footwear, accessories and textile items for the home) which it purchases from its suppliers once finished.	Principle 8
EN2	Percentage of materials used that are recycled input materials.	91, 98-99, 288	Principles 8 and 9
AF20	List of environmentally preferable materials used in apparel and footwear products.	75 From an environmental point of view, the preferred material is organic cotton. In 2012, Zara introduced over 4.2 million articles made with 100% organic cotton onto the market. On the other hand, Inditex participates in initiatives that actively work towards the sound management of natural resources, for example: Better Cotton Initiative and Textile Exchange	
	ENERGY		
EN3 ☑	Direct energy consumption by primary energy source.	282-283 Energy Consumption	Principle 8
EN4 ☑	Indirect energy consumption by primary source.	282-283 Energy Consumption The indirect energy consumed is electricity from the grid. Its production corresponds to the each country's energy mix in which Inditex has no management capacity.	Principle 8
AF21	Amount of energy consumed and percentage of the energy that is from renewable sources.	289	
EN5	Energy saved due to conservation and efficiency improvements.	91 92 eco-efficient stores	Principles 8 and 9
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	92-93, 282-283	Principles 8 and 9
	WATER		
EN8	Total water withdrawal by source.	74-75, 290	Principle 8
	BIODIVERSITY		
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Not applicable. The land under Inditex ownership is not adjacent to or located within protected natural spaces or unprotected areas of high biodiversity, which means that the impact on biodiversity is not significant.	Principle 8
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Not applicable. The land under Inditex ownership is not adjacent to or located within protected natural spaces or unprotected areas of high biodiversity, which means that the impact on biodiversity is not significant.	Principle 8
	EMISSIONS, EFFLUENTS AND WASTE		
EN16 ☑	Total direct and indirect greenhouse gas emissions by weight.	282, 284-285	Principle 8
EN17	Other relevant indirect greenhouse gas emissions by weight.	284-285	Principle 8
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	91, 284-285 Inditex's Environmental Policy: http://www.inditex.com	Principles 7, 8 and 9
EN19	Emissions of ozone-depleting substances by weight.	Plans have been set up to replace air conditioning equipment in the already existing stores with the more efficient class A systems to ensure there are no gasses that are destructive to the ozone layer.	Principle 8
EN20	NOx, SOx, and other significant air emissions by type and weight.	286 SO2, NOx and CO emissions have been reported. The rest of the emissions envisaged in this indicator are not produced as Inditex's main activity is the distribution of fashion items. The emission of particles as a result of transportation is generated by the transportation companies themselves and not by Inditex.	Principle 8
EN21 ◆	Total water discharge by quality and destination.	74-75, 290	Principle 8

	Indicators	Page or direct answer	Global Compact
EN22 ☑	Total weight of waste by type and disposal method. For footwear total chromium discharges.	287 Waste generation and management None of the waste generated is disposed of through deep-well injection nor is it stored in-situ.	Principle 8
EN23	For Apparel: Report on the discharge of antimony, arsenic, cadmium, chromium, cobalt, copper, cyanide, lead, mercury, nickel, and zinc.	During the reporting period no significant accidental discharges were recorded.	Principle 8
	PRODUCTS AND SERVICES		
EN26 ☑ ◆	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation. The use of recycled materials and the recyclability of products and packaging.	To consult initiatives to mitigate the impact related to: 74 Global Water Management Strategy 75 Technical training to achieve zero discharge and encourage the use of sustainable fibres 91 LEED Gold in the logistical centres 92 eco-efficient stores 98 Reduction, reuse and recycling To consult the mitigation of the impact: 284 Inditex Greenhouse Gas (GHG) Emissions 287 Waste generation and management 290 Consumption and use of water	Principles 7, 8 and 9
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	99, 287 Waste generation and management. The materials and packaging placed on the market are recovered at the end of their useful life so that they can be recycled by authorised agents in those countries that have an Integrated Packaging Waste Management System.	Principles 8 and 9
	COMPLIANCE		
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Inditex recorded no significant fines or sanctions through the corresponding channels in 2012	Principle 8
	TRANSPORT		
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	91, 285 The main impact arising from the transportation of the company's products is the consumption of energy and the resulting emissions. The impact that results from staff transportation is considered immaterial in comparison with that derived from transporting the company's products, given that 86% of Inditex's employees do not need to travel considerable distances for work-related reasons.	Principle 8

General

LABOUR PRACTICES AND DECENT WORK PERFORMANCE INDICATORS

EMPLOYMENT

LA1 ☑	Total workforce by employment type, employment contract, and region.	101, 103-104, 106 Due to the company's activity, the number of contracts is not reported as it is not considered a relevant indicator; on the other hand, an exhaustive control of the suppliers working for the organisation is carried out. The breakdown of employees per type of contract and per shift is currently reported in Spain. At the end of this financial year these data were not available for the scope of this Report. This indicator is expect to be included by 2015.	
LA2	Total number and rate of employee turnover by age group, gender, and region.	101, 103 The total number and rate of new employees hires and employee turnover by age group, gender and region is not available at the time of reporting. This indicator is expected to be included by 2015.	Principle 6
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	105-106 107 Compensation Policy The Group applies the same social benefits to part-time employees, temporary employees as it does to full-time workers.	
	LABOR/MANAGEMENT RELATIONS		
LA4	Percentage of employees covered by collective bargaining agreements.	70% of Inditex employees are covered by a collective agreement (there were no significant changes to this indicator on a country level from 2011).	Principles 1 and 3
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	The collective agreements in effect do not include a minimum period of time to formally communicate the organisational changes that occur within Inditex. Nevertheless, when a relevant event occurs, this information is passed on before the period established in the applicable regulation (Art.41 of the Employees' Statute) ends.	Principle 3

	Indicators	Page or direct answer	Global Compact
AF29	Percentage of workplaces where there is one or more independent trade union(s)	37% of Inditex's workplaces have worker representation (there were no significant changes to this indicator on a country level from 2011).	
AF30	Percentage of workplaces where, in the absence of a trade union, there are worker-management committees, broken down by country.	Not applicable. The Group does not participate in worker-management commitees that do not have union representation.	
	OCCUPATIONAL HEALTH AND SAFETY		
LA7 ◆	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region. It includes health issues associated with reduced lung function due to dust. It includes risk assessments and preventative measures for accidents and injuries.	Not available. Inditex is working to create an indicator at the time of closing this Annual Report. This indicator is expect to be included by 2015.	Principle 1
AF31	Initiatives and programs to respond to, reduce, and prevent the occurance of musculoskeletal disorders.	104	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	104-105 As a rule, the Group's employees are not involved in activities that present a significant incidence or risk of contracting specific serious diseases.	Principle 1
	TRAINING AND EDUCATION		
LA10 ☑	Average hours of training per year per employee by employee category.	104 Inditex is working to create an indicator at the time of closing this Annual Report. This indicator is expect to be included by 2015.	
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	The average age of Inditex's staff members is 31, which means that in the immediate future it will not need to develop programmes to help employees at the end of their professional career.	
LA12	Percentage of employees receiving regular performance and career development reviews.	104	
	DIVERSITY AND EQUAL OPPORTUNITY		
LA13 ☑	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	105-106, 188 Information regarding the members of the Inditex Board of Directors is provided in the Corporate Governance Report submitted to the Spanish National Securities Exchange (CNMV). Inditex is working to create an indicator at the time of closing this Annual Report. This indicator is expect to be included by 2015.	Principles 1 and 6
LA14	Ratio of basic salary of men to women by employee category.	Not available Inditex is working to create an indicator at the time of closing this Annual Report. This indicator is expect to be included by 2015.	Principles 1 and 6
AF32	Actions to address gender discrimination and to provide opportunities for the advancement of women workers.	105-106	
	HUMAN RIGTHS PERFORMANCE INDICATORS		
	INVESTMENT AND PROCUREMENT PRACTICES		
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	68, 71-72, 281, 291 All the Group's investments are carried out in accordance with the Code of Conduct and Responsible Practices. On the other hand, purchases made from suppliers are governed by Inditex's Code of Conduct for Manufacturers and Suppliers which deals with respect for Human Rights and fundamental Labour Standards. Both of these Codes are available on its website: http://www.inditex.com	Principles 1, 2, 3, 4, 5 and 6
HR2 ☑	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	67 Pre-assessment audits conducted in 2012 68 Audits conducted in factories and workshops in 2012 by geographical area 71 Suppliers ruled out 72 Programme for improving factories (Project "D") 291 All of Inditex's suppliers are subject to the Compliance Programme for the Code of Conduct for Manufacturers and Suppliers.	Principles 1, 2, 3, 4, 5 and 6
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	104 In 2012 more than 6,000 hour of training were given to employees from factories and logistical centres on the matters of equality, co-responsibility, harassment in the workplace and the prevention of gender-based violence. Both the Code of Conduct and Responsible Practices of the Inditex Group, which is applicable to each and every one of its employees, and the Code of Conduct for Manufacturers and Suppliers of the Inditex Group, which applies to all the operations and suppliers of the Group, are structured around Inditex's business culture, which is firmly based on compliance with human rights.	Principles 1, 2, 3, 4, 5 and 6

	Indicators	Page or direct answer	Global Compact
	NON-DISCRIMINATION		
HR4	Total number of incidents of discrimination and actions taken.	56-57, 72 No incidents of discrimination were recorded among the employees of the Inditex Group in 2012.	Principles 1, 2 and 6
	FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	63-64 65 Managing and strengthening the supply chain 76 Greater commitment towards our suppliers 82-83 Inditex's Compliance Programme for the Code of Conduct for Manufacturers and Suppliers assesses compliance with workers' right to freedom of association, and this applies to all the operations and suppliers of the Group. The Table on page 72 shows the percentage of compliance in this matter in the case of audited suppliers that formed part of Inditex's supply chain in 2012.	Principles 1, 2 and 3
	CHILD LABOR		
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	65 Managing and strengthening the supply chain 76 Greater commitment towards our suppliers Inditex's Compliance Programme for the Code of Conduct for Manufacturers and Suppliers assesses compliance with the Fundamental Labour Standards, which includes the prohibition and elimination of forced labour, and this applies to all the operations and suppliers of the Group. The Table on page 72 shows the percentage of compliance in this matter in the case of audited suppliers that formed part of Inditex's supply chain in 2012.	Principles 1, 2 and 5
	FORCED AND COMPULSORY LABOR		
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	65 Managing and strengthening the supply chain 73, 76 Greater commitment towards our suppliers Inditex's Compliance Programme for the Code of Conduct for Manufacturers and Suppliers applies to all the operations and suppliers of the Group and assesses compliance with the Fundamental Labour Standards, which includes the prohibition of child labour. The Table on page 72 shows the percentage of compliance in this matter in the case of audited suppliers that formed part of Inditex's supply chain in 2012.	Principles 1, 2 and 4
	SOCIAL PERFORMANCE INDICATORS		
	COMMUNITY		
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	64, 67-68 74 The water master plan in the supply chain 76 Greater commitment towards our suppliers 110 Strengthening our links with the community 114 Community Development Programmes 116 Monitoring Programmes 123 The Social Committee Inditex's Environmental Policy: http://www.inditex.es The community development and participation programmes, as well as the environmental impact assessment, are applicable to each and every operation carried out by the Group.	
AF33	Priorities in community investment strategy.	110, 112 Social Investment in 2012 114 Community Development Programmes 122 Sponsorship and patronage	
AF34	Amount of investment in worker communities broken down by location.	112 Social Investment in 2012 114 Community Development Programmes 118 Emergency Programmes 120 Social Entrepreneurship Programmes and Network of Universities 122 Sponsorship and patronage 295-296	
	CORRUPTION		
SO2	Percentage and total number of business units analyzed for risks related to corruption.	The Code of Conduct and Responsible Practices envisages the prevention of all types of corruption. These regulations are applicable to each and every one of the business units and are available on the Inditex website: http://www.inditex.com	Principle 10

	Indicators	Page or direct answer	Global Compact
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Inditex's Code of Conduct and Responsible Practices (applicable to each and every one of the employees) envisages the prevention of all types of corruption, as well as the correct internal dissemination of said Code among employees. This document is available on Inditex's website: http://www.inditex.com	Principle 10
SO4	Actions taken in response to incidents of corruption.	During the period covered by this report no incidents of corruption were detected	Principle 10
	PUBLIC POLICY		
SO5 ◆	Public policy positions and participation in public policy development and lobbying. Public policy position on the inclusion of labor and environmental protections in trade agreements and the degree to which lobbying positions integrate considerations about the potential effects on workers, communities, and organizations in the supply chain.	64, 73, 82-83 There are no significant differences between Inditex's positions and the public policy positions.	Principles 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10
	COMPLIANCE		
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Inditex recorded no significant sanctions or fines through the corresponding channels in 2012.	

PRODUCT RESPONSIBILITY PERFORMANCE INDICATORS

	CUSTOMER HEALTH AND SAFETY		
PR1 ☑	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	88 Monitoring programme for compliance with standards The product health and safety standards are of general and obligatory application for all products. The methodology employed by Inditex covers all the phases of a product´s life cycle.	Principle 1
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	No significant incidents derived from a breach of the regulations related to the impact of products on customer health and safety were recorded in 2012.	Principle 1
	PRODUCT AND SERVICE LABELLING		
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	74-75, 85 Exhaustive controls of our products The product health and safety standards are of general and obligatory application for all products (100%). There is no specific collection and management system for the elimination of textile materials.	Principle 8
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	No significant breaches derived from the regulations related to information and labelling of products and services and the voluntary codes were recorded in 2012.	Principle 8
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	96-97, 215	
	MARKETING COMMUNICATIONS		
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	The risk of articles of clothing becoming an object of public debate or forbidden in certain markets is not envisaged in this report as it is considered immaterial.	
	COMPLIANCE		
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	No significant fines related to a breach of regulations related to the supply and use of products and services were recorded in 2012.	

The **Annual Report 2012** provided information under the terms of the triple –economic, social and environmental- dimension.

The Annual Report 2012 is fully available on the corporate web site, **www.inditex.com**, where additional useful information may also be accessed.

The english translation of this report has been reviewed by the centre for Business and Public Sector Ethics of Cambridge (United Kingdom).

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